C 5150-3

DSN's 2nd Annual Study Of Top Brands: Pp. 15-78

0007122 DEC84DS
CONGRESSIONAL SOURCE INFO
4520 EAST/WEST HIGHWAY FG
BETHESDA MD 20814

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING
$2 per copy
VOL. 23, NO. 22 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | NOVEMBER 12, 1984

Home Centers of America founder Frank Denny (left) and K mart chairman Bernard M. Fauber (right) lend support to Abner S. Ganet (center), Mayor of Elmhurst, Ill., at debut of Builders Square.

K mart Unwraps BUILDERS SQUARE℠

HOME IMPROVEMENT WAREHOUSE

NILES, Ill. — K mart's Builders Square warehouse operation, which was unveiled here last month, will grow to 100 units in the next two years, making it the dominant player in home center retailing.

The 90,000-sq.-ft. Niles unit reflects the buying and merchandising concepts of K mart's latest acquisition, Home Centers of America (HCOA), which has nine warehouses based in San Antonio. Builders Square will follow in the K mart tradition of offering the guaranteed lowest price in town, but that's where the similarities end.

"K mart home center departments do not begin to scratch the surface of Builders Square selection," said Frederick M. Stevens, executive vice president, specialty retailing for K mart.

The giant discounter, with expected corporate sales of $21 bil-

(Continued on page 90)

Service Mdse. Quickly Expands, Renames Home Center Chain

By ARTHUR MARKOWITZ

NASHVILLE — Diversified cataloger Service Merchandise is making moves in three different areas:

- It will unveil a new name—Mr. HOW Warehouse—for its fast-growing Margate, Fla.-based warehouse home center chain to replace the original HomeOwners Warehouse logo. Four warehouse stores opening this month will be the first to get the new name, with another five due in December.
- It will test the catalog industry's first drive-up window in two showrooms opening this month.
- At presstime it was due to select an outside advertising agency to develop a new ad program for 1985 for its showroom chain as the successor to the Founders' 50th Anniversary promotion currently under way, which was produced in-house.

The drive-up window—similar to the system in use at fast-food restaurants—will be tested in showrooms in the Burbank, Ill., suburb of Chicago and the Hickory Hollow area of Nashville.

The two units are among eight showrooms opening this month—the last of the year—that will boost the chain's count to 177. All told, the cataloger was due to unveil 20 showrooms this year.

The new Mr. HOW Warehouse logo will be used for the first time on home centers opening this month in Columbus and its suburb of Reynoldsburg, Ohio; Langhorne, Pa., and Turnersville, N.J.

Mr. HOW WAREHOUSE

Service Merchandise will unveil this logo for its home center chain.

Three home centers with the original HomeOwners Warehouse logo will get the new name early next year, according to a home center chain executive.

Five home centers are scheduled to open next month, giving the company 13 such stores; locations for another 12 have already been targeted to open by next summer, with more units due in the fall.

The projected 25 Mr. HOW Warehouse units to be operated by the summer of 1985 confirms the cataloger's planned fast-track growth for this operation, that will make it the third-largest warehouse home center chain (after K mart's planned 50-unit Builders Square arm and 37 stores forecast for The Home Depot, which pioneered this retailing concept).

As for the advertising effort, a number of major agencies have made presentations to Service Merchandise. The cataloger is interested in a program that will counter any leveling off in the number of consumers that shop its showrooms as well as the number of times they do so. The cataloger's own efforts this year to boost traffic include the Founders' 50th Anniversary promotion and a corner coupon in last month's 20-page flier in which the sale price in each triangular-shaped coupon on the corner of successive pages was valid just for a specific week.

Looking to 1985, the catalog-

(Continued on page 89)

IN BRIEF

- **DAYTON HUDSON WILL SPEND $3.2 BILLION FOR NEW** stores over the next five years, with 90% of the monies going to expand Target and Mervyn's by a total of 300 new stores.
- **TSS-SEEDMAN'S WILL INVADE NEW JERSEY FOR THE** first time by opening in ex-Two Guys stores in North Bergen (150,000 sq. ft.) and Kearny (140,000 sq. ft.).
- **J. W. MAYS' MAIN STOCKHOLDERS HAVE PURCHASED** about 6% more stock in the company to boost their holdings to over 50% to prevent outside investors—realtor Sol Goldman and J.J.J. Financial Associates—from trying to take control of the New York City discounter.

Digest

Nov. 12, 1984

TOP BRANDS

- ***DSN*'s second annual Top** Brands Study (pp. 15-78) finds discounters across the nation continuing to add name brand goods at a strong rate. The 16 key departments analyzed are automotive (p. 31); children's apparel (p. 59); consumer electronics (p. 46); cosmetics (p. 22); domestics (p. 76); food, candy, snacks (p. 63); hardware (p. 67); H&BA (p. 19); housewares (p. 25); ladies' apparel (p. 53); men's apparel (p. 56); personal care (p. 29); photo (p. 42); sporting goods (p. 69); stationery (p. 72), and toys (p. 39).

Index

At the Source 80-81
Catalog Showroom News .. 11
Classified 86-88
Editorial 6
Executive Changes 4
NMRI President's Corner .. 6
Washington Beat 6

Name-Brand Muscle Grows at Discounters

Nationwide DSN Report

Name-brand merchandise is clearly increasing its power at America's discounters.

National label assortments increased in 15 out of 16 key departments studied at discounters this year.

Moreover, an overwhelming 70% of discount store managers nationwide agreed that national brands will contribute more to store sales growth than private label or store brands.

These results are contained in *Discount Store News*' second annual Top Brands Study, which was compiled for *DSN* by Leo J. Shapiro & Associates, Chicago. A total of 299 store managers from such chains as K mart, Wal-Mart, Zayre and Target were polled in the nationally projectable study.

They cited advertising exposure, product quality and consumer trust and demand as reasons for the increased role of national brands in their stores. Managers in both traditional and upscale-format chains said more of their store inventories are being converted to national label goods.

Reflecting on inventory changes made in the past year, 54% of the managers polled said that national label assortments had increased during the past 12 months. Responses showed additions were made most often in the ladies' apparel, health & beauty aids and housewares departments.

However, neither that activity nor manager perceptions throughout the survey are uniform. They vary according to store location, size, volume and product category.

On an overall basis, the trend to add national brands was stronger among traditional-for-mat discounters than among upscale chains. The upscalers, it appears, are closer to where they want to be in brand-name representation than the conventional chains.

That difference was most marked between individual chains such as K mart and Target, for example. Nine out of 10 K mart store managers polled said they carried more branded merchandise today than a year ago. At upscaler Target, 35% of managers polled said the same.

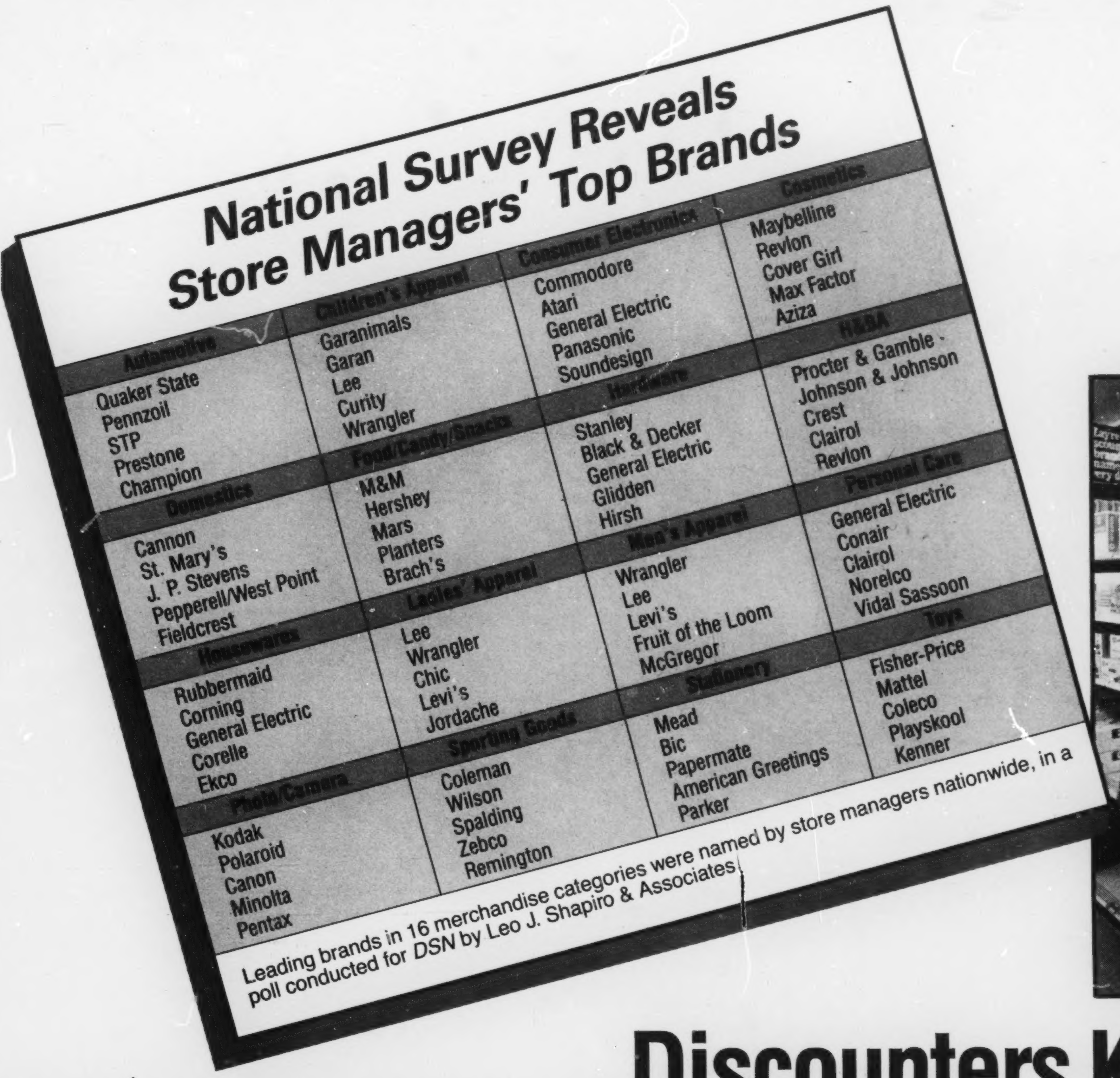
National label assortments also grew more heavily at stores in the 60,000-100,000-sq.-ft. and 100,000-plus-sq.-ft. size ranges than in smaller formats.

Likewise, store managers whose annual volume falls within the $5 million-$8 million and $10 million-$14 million ranges reported the most growth in branded assortment.

WEAR-EVER
Corelle
Pyrex
table top shop
12"
WOK SET

National labels grew heaviest this year in housewares, ladies' apparel and H&BA, revealed *DSN*'s Top Brands Study. At Murphy's Mart, Robinson Township, Pa., housewares brands listed overhead lure shoppers. *(DSN photo)*

TOP BRANDS ANALYSIS



National Survey Reveals Store Managers' Top Brands

Automotive Quaker State Pennzoil STP Prestone Champion	**Children's Apparel** Garanimals Garan Lee Curity Wrangler	**Consumer Electronics** Commodore Atari General Electric Panasonic Soundesign	**Cosmetics** Maybelline Revlon Cover Girl Max Factor Aziza
Domestics Cannon St. Mary's J. P. Stevens Pepperell/West Point Fieldcrest	**Food/Candy/Snacks** M&M Hershey Mars Planters Brach's	**Hardware** Stanley Black & Decker General Electric Glidden Hirsh	**H&BA** Procter & Gamble Johnson & Johnson Crest Clairol Revlon
Housewares Rubbermaid Corning General Electric Corelle Ekco	**Ladies' Apparel** Lee Wrangler Chic Levi's Jordache	**Men's Apparel** Wrangler Lee Levi's Fruit of the Loom McGregor	**Personal Care** General Electric Conair Clairol Norelco Vidal Sassoon
Photo/Camera Kodak Polaroid Canon Minolta Pentax	**Sporting Goods** Coleman Wilson Spalding Zebco Remington	**Stationery** Mead Bic Papermate American Greetings Parker	**Toys** Fisher-Price Mattel Coleco Playskool Kenner

Leading brands in 16 merchandise categories were named by store managers nationwide, in a poll conducted for *DSN* by Leo J. Shapiro & Associates.

health & beauty

Discounters Keep Adding Name Brands in Force

Nationwide DSN Report

Discounters across the country continued to add nationally branded merchandise at a strong pace in 1984, particularly in 15 of 16 key departments.

Ladies' apparel, health & beauty aids and housewares chalked up the biggest gains in the number of brands carried this year by the nation's discounters, with men's apparel a stitch behind.

These are among the findings in *DSN*'s second annual Top Brands Study, conducted by Leo J. Shapiro & Associates, a Chicago-based market research firm. Pollsters interviewed 299 discount store managers on their perception of each department's brand name growth in the nationally projectable study.

Apparel's placement at the head of the list was somewhat predictable, in view of many chains' efforts to strengthen assortments in this high-image, high-margin department. Comparatively, most hard lines departments have a mature mix of brands.

However, the emergence of housewares as a brand presence leader reflects chain attempts to upgrade assortments, boost margins and improve the fashion image of the department.

Traditional brands maintained their perceived leading positions in the housewares department. But, at the same time, managers at both traditional and upscale discount chains said housewares was an area where new brand entries are on the rise. Some 22% of traditional store managers polled, and 21% of upscalers, agreed that national label penetration was increasing.

Similarly balanced perceptions were apparent in ladies' apparel, where 23% of traditional managers reported increases in the number of brands carried, compared with 21% of upscalers.

That spread widened, however, in men's apparel. Fewer than 1 traditional store manager in 5—19%—reported gains in brand assortment, compared with 27% of upscalers polled.

Upscalers also exceeded traditional discount store managers by a wide margin when naming H&BA as a department where brand assortment is up. More than 1 upscaler in 3—34%—cited H&BA brand growth this year, compared with 19% of traditional store managers.

Domestics and hardware were the only other two departments to experience significant name brand growth.

More than 10% of all the discount store managers polled cited these as areas where brands are on the rise.

Eleven per cent of all managers polled cited domestics, including 11% of traditional managers and 8% of upscalers.

Where Name Brands Are Growing

Department	All Discounters	Conventional Discounters	Upscale Discounters
Ladies' Apparel	22%	23%	21%
Health & Beauty Aids	22	19	34
Housewares	22	22	21
Men's Apparel	21	19	27
Domestics	11	11	8
Hardware	10	12	4
Sporting Goods	8	7	12
Consumer Electronics	7	6	10
Children's Apparel	5	5	8
Automotive	4	5	—

National labels made their greatest inroads this year in housewares, ladies' apparel and H&BA, according to a *DSN* survey of store managers. Of those polled, 22% said branded stocks grew in these areas more than in any other department.

Source: DSN/*Leo J. Shapiro & Associates*

Why National Brands Are Expected To Spur Stores More Than PL

Of the store managers polled, 70% said national brands will contribute more to store growth than store labels. These are the major reasons why:

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Advertising/TV exposure	27%	27%	30%
Consumers trust them	26	28	17
It's what shoppers want	20	19	21
Quality	9	10	9
Carry name brands only	8	10	2
Brings customers into the store	7	7	5

Source: DSN/*Leo J. Shapiro & Associates*

INDEX

Automotive. 31
Children's Apparel . . . 59
Consumer Electronics 46
Cosmetics 22
Domestics 76
Food, Candy, Snacks. 63
Hardware. 67
H&BA. 19
Housewares. 25
Ladies' Apparel 53
Men's Apparel 56
Personal Care 29
Photo. 42
Sporting Goods 69
Stationery 72
Toys. 39

New Items Spur Strong Brand Growth

Health & beauty aids brands are on the rise, say store managers.

Nearly a quarter of those polled reported an increase in the number of H&BA brands in their stores this year. Much of that growth came from new products.

Shampoo introductions alone reached a record high this year. Pump dispensers opened a whole new segment in toothpastes, and a new hair care item, styling mousse, prompted offerings from numerous manufacturers. In addition, more cold remedies were shifted from prescription to over-the-counter (OTC) standing, landing new brands on discounters' shelves for the first time.

Name brand proliferation also comes from a case of dual identity: H&BA products are recognized by their brand names, other times by the manufacturers' names.

Take Procter & Gamble, the most often cited name in *DSN*'s Top Brands survey. Although a third of the store managers polled tagged P&G a best-selling H&BA brand, it is really the name of the parent company that owns several brands, including Crest toothpaste and Head & Shoulders shampoo.

Another Perspective

Apparently store managers haven't drawn the line between brand name and supplier name in this category. Responses indicate both names are familiar enough to factor into a products popularity.

Johnson & Johnson, named second most often, is more of a hybrid case. In baby shampoo, oil, powder and Band-Aids, the J&J name is on the label as a brand. But the company also owns Affinity—a brand of shampoo that debuted this year. The J&J name was mentioned second most often by all managers—27% of the time.

Crest, P&G's toothpaste brand, was named by 25% of the store managers surveyed, making it No. 3 on the list. The only other toothpaste brand listed, Colgate, was named sixth most often or 15% of the time.

Clairol, a hair care brand

(Continued on page 21)

Health & Beauty Aids

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Procter & Gamble	33%	29%	51%
Johnson & Johnson	27	28	24
Crest	25	27	18
Clairol	19	21	9
Revlon	16	18	6
Colgate	15	15	17
Listerine	13	13	16
Head & Shoulders	7	9	—
L'Oreal	6	4	11
Vidal Sassoon	5	5	9

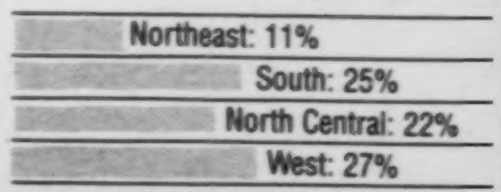
Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Procter & Gamble	32%	19%	26%	48%
Johnson & Johnson	27	19	51	28
Crest	21	34	30	13
Clairol	33	8	20	10
Revlon	12	19	13	4

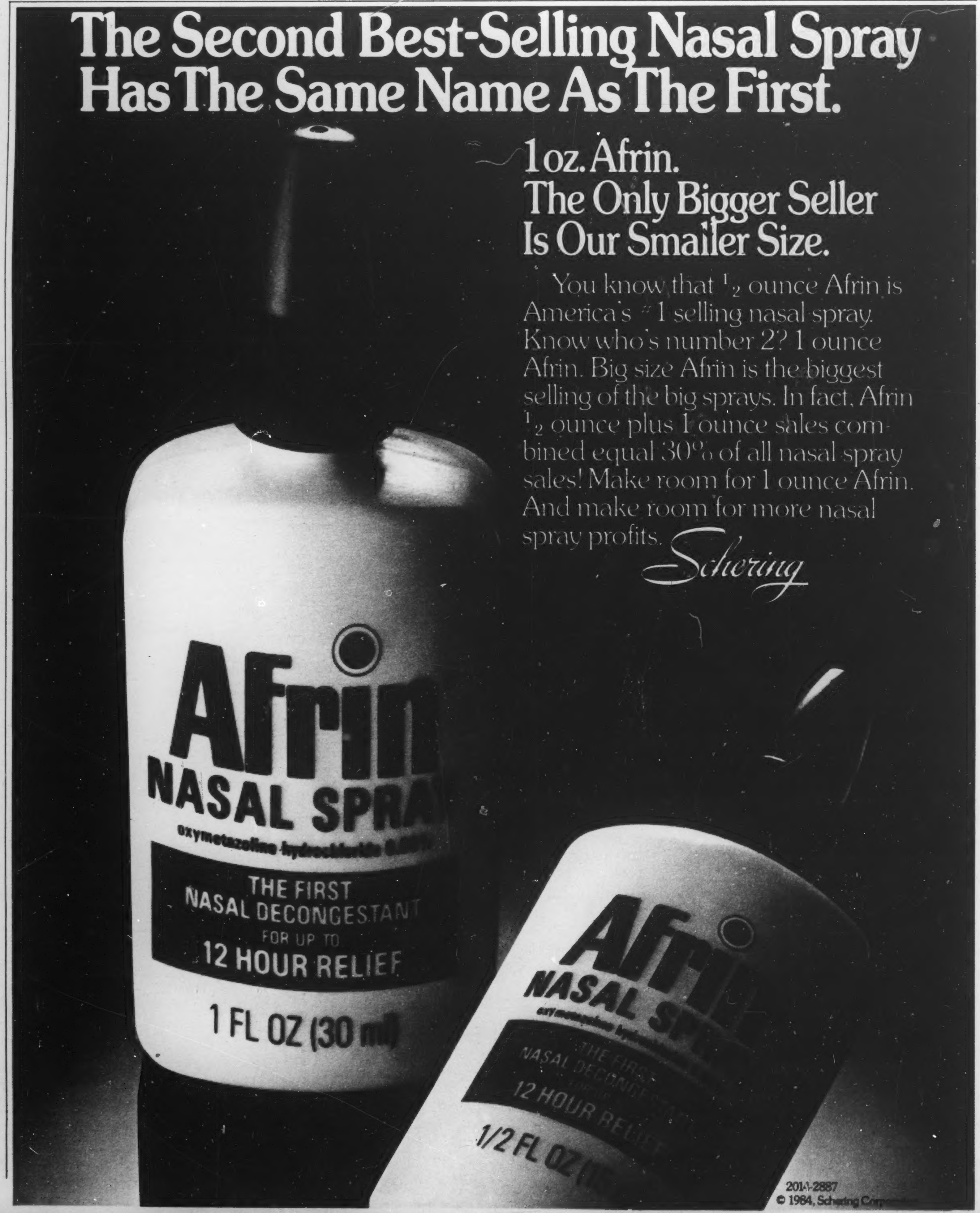
Source: DSN/Leo J. Shapiro & Associates

Growth Regions



In health & beauty aids, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the West—27%.

Source: DSN/Leo J. Shapiro & Associates


The Second Best-Selling Nasal Spray Has The Same Name As The First.

1 oz. Afrin.
The Only Bigger Seller
Is Our Smaller Size.

You know that ½ ounce Afrin is America's #1 selling nasal spray. Know who's number 2? 1 ounce Afrin. Big size Afrin is the biggest selling of the big sprays. In fact, Afrin ½ ounce plus 1 ounce sales combined equal 30% of all nasal spray sales! Make room for 1 ounce Afrin. And make room for more nasal spray profits.

Schering

2014-2887
© 1984, Schering Corp

RIGHT GUARD
Rave

New entries in hair care, shown in Zayre, Medford, Mass., as well as in other health & beauty aids categories, contributed to the increase in H&BA brands reported by 23% of the store managers polled. *(DSNphoto)*

Health & Beauty Aids

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Procter & Gamble	26%	30%	44%	27%
J&J	24	28	23	35
Crest	27	23	24	28
Clairol	15	19	23	16
Revlon	22	15	12	16
Colgate	17	17	12	14
Listerine	11	10	9	27
Head & Shoulders	11	2	5	15
L'Oreal	1	8	9	—
Vidal Sassoon	4	1	5	14

Source: DSN/Leo J. Shapiro & Associates

H&BA

(Continued from page 19)

name, is the fourth most often mentioned H&BA top seller. The brand was named by 19% of all those managers polled. However, the breakout shows that while 21% of those at conventional chains cited Clairol, only 9% of those at upscale discount chains mentioned the brand.

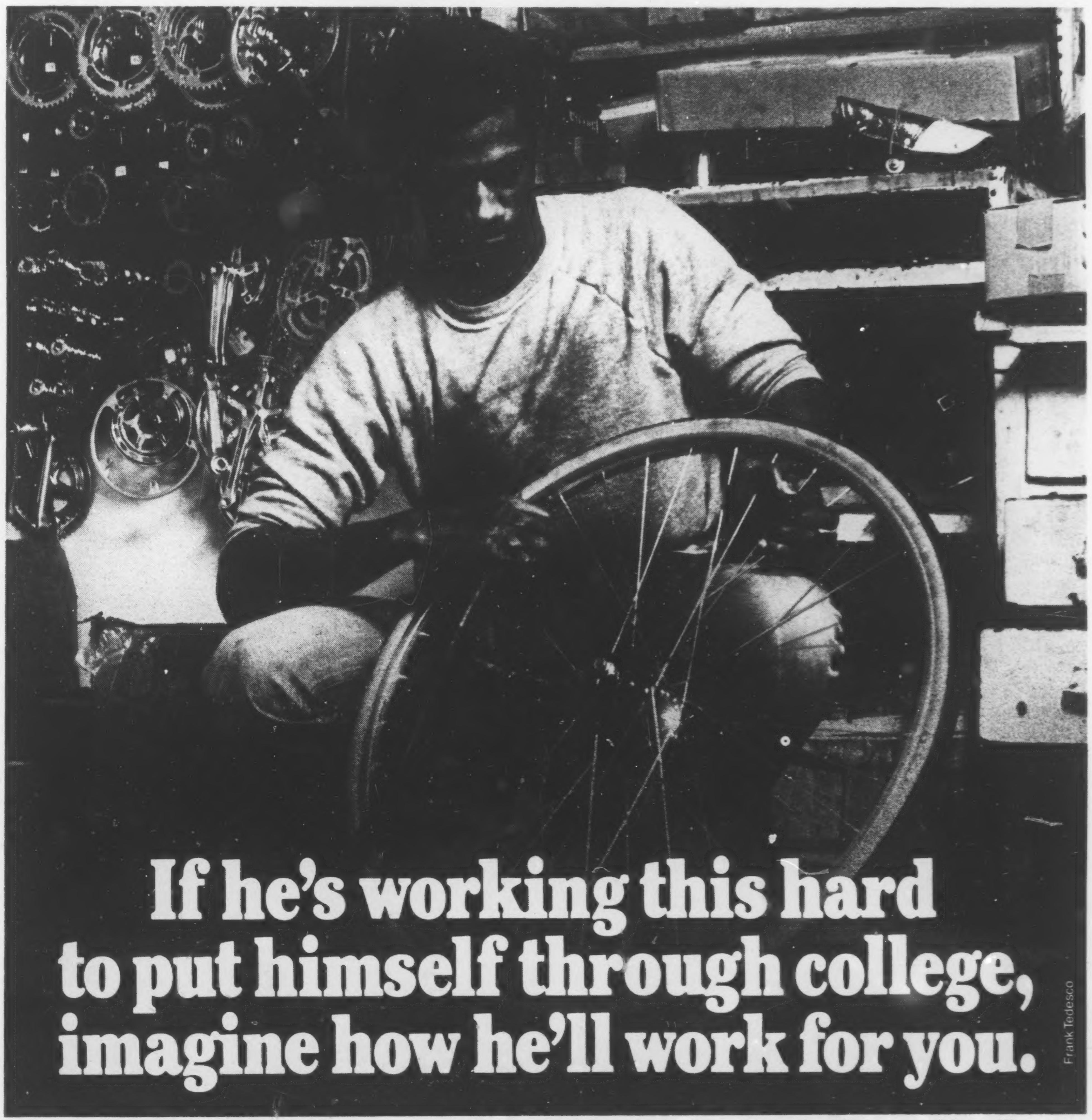
Revlon, another company/brand name hybrid, was No. 5 with mentions from 16% of all store managers. The Revlon name is associated with the Flex line of shampoo and conditioner, a new HDR shampoo/conditioner line and European Collagen skin care. The brand's popularity was strongest among managers at conventional chains: 18% tagged Revlon a top seller vs. 6% of the managers at upscale chains.

Listerine, the only mouthwash brand to make the top 10 list, was named by 13% of all managers polled.

The final three brands listed were all hair care names. Both Head & Shoulders and Vidal Sassoon are strictly shampoo/conditioner names. L'Oreal, however, is associated with hair color, shampoo and conditioner as well as this year's hot new item, styling mousse.

The breakout of responses gathered at four major chains revealed some dfferences in which brands were mentioned most often. At Zayre, J&J was named more often then P&G—51% vs. 26%. At that chain Crest, (with 30%) was also mentioned more often than P&G.

At Wal-Mart, the Crest brand name was cited the most often—by 34% of the managers polled. Three brands were tied for the second-most mentions at the chain with 19% each: P&G, J&J and Revlon.



If he's working this hard
to put himself through college,
imagine how he'll work for you.
Frank Tedesco

This part-time worker is a full-time student at a United Negro College Fund college. He's working because it's the only way he can afford college. And he wants an education too much to give up.

He isn't alone. There are thousands like him, studying business management, computer science, engineering. Eager to contribute to the world in general and the business world in particular. (Almost 25% of our graduates have business-oriented degrees.)

When you support the Fund, you help 42 private, predominantly black colleges and universities keep tuition affordable for students like these.

And if you think our students work hard to put themselves through college, one thing will impress you even more:

What they'll do when they graduate.

Give to the United Negro College Fund.

A mind is a terrible thing to waste.

Ad Council A Public Service of This Magazine & The Advertising Council

United Negro College Fund
Box E, 500 East 62nd St.
N.Y., N.Y. 10021
Please send information on how to contribute to the Fund.
Name________
Position________
Company________
Address________
City________
State________ Zip________
©1982 United Negro College Fund, Inc.

Maybelline Leads; Upscalers Cite Revlon

Cosmetics

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Maybelline	70%	72%	59%
Revlon	54	43	98
Cover Girl	36	35	43
Max Factor	31	31	31
Aziza	10	8	16
L'Oreal	9	9	9
Coty	8	8	9
Clairol	7	8	2
Prince Matchabelli	6	5	11
Hazel Bishop	4	5	—

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Maybelline	79%	69%	82%	58%
Revlon	33	52	24	98
Cover Girl	37	33	44	51
Max Factor	19	19	25	32
Aziza	4	8	7	10

Source: DSN/Leo J. Shapiro & Associates

Maybelline is the cosmetics brand mentioned most often as a top brand by discount store managers as a whole.

But, those at upscale chains named Revlon most often.

Maybelline was cited by 70% of all store managers polled and by slightly more (72%) of managers at conventional discount chains. Of those polled at upscale chains, however, 98% named Revlon and 59% named Maybelline.

Cover Girl and Max Factor held firmly to the No. 3 and No. 4 positions and Aziza came in a distant No. 5.

Interestingly, Clairol, a hair care products and personal care appliances company which also owns Sea Breeze skin care products, was also cited often enough to make our top 10 cosmetics brand list as No. 7. Technically, however, the name is not a cosmetics brand.

Overall, few store managers saw an increase in the number of brands their stores stocked in cosmetics departments.

In the South, North Central and West, 3% of the managers in each area reported increases in cosmetics brands. In the Northeast, only 1% of the managers felt there had been an increase.

Strengths Examined

Regional strengths in the top five brands were also revealed by the survey. For example, Maybelline is stronger in the South and North Central regions of the country. In each of those regions, 74% of the managers polled named Maybelline as a top-seller. In each of the other two regions—the Northeast and the West—63% identified Maybelline.

Revlon, the No. 2 brand overall, was mentioned most often in the West, with 65% naming the brand. In that region, Revlon was named more often than Maybelline—which was cited by 65% of those polled.

Cover Girl was strongest in the North Central region with 44% of the managers polled identifying the brand. Although Cover Girl was named by 36% of managers from all discount stores, in

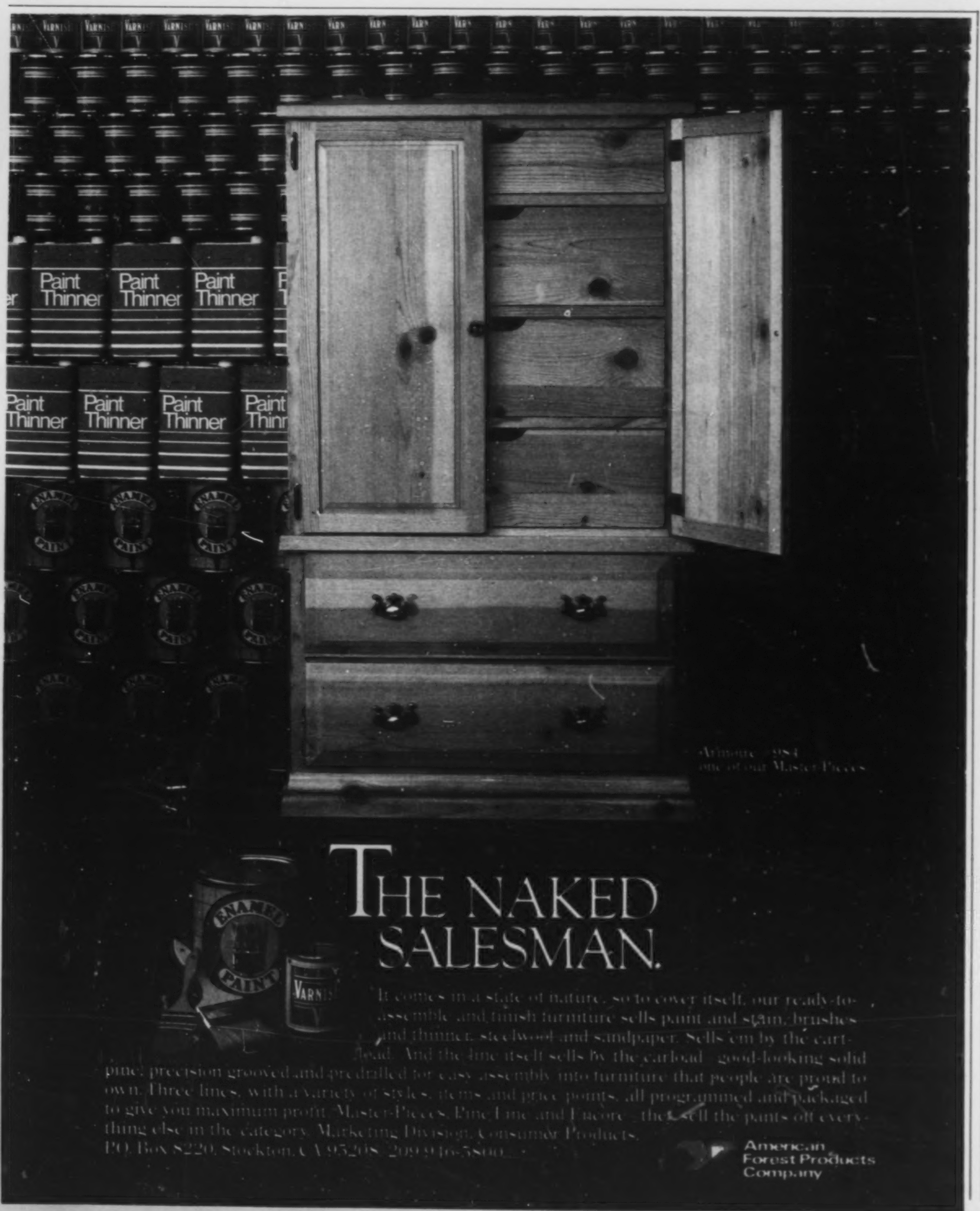
(Continued on page 24)

Growth Regions

Northeast: 1%
South: 3%
North Central: 3%
West: 3%

In cosmetics, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the West, South and North Central States—3%.

Source: DSN/Leo J. Shapiro & Associates



Armoire #984
one of our Master-Pieces

THE NAKED SALESMAN.

It comes in a state of nature, so to cover itself, our ready-to-assemble and finish furniture sells paint and stain, brushes and thinner, steelwool and sandpaper. Sells 'em by the cart-load. And the line itself sells by the carload—good-looking solid pine, precision grooved and predrilled for easy assembly into furniture that people are proud to own. Three lines, with a variety of styles, items and price points, all programmed and packaged to give you maximum profit. Master-Pieces, Pine Line and Encore—they sell the pants off everything else in the category. Marketing Division, Consumer Products,
P.O. Box 8220, Stockton, CA 95208. 209/946-5800.

American
Forest Products
Company

Cosmetics

(Continued from page 22)

the West that figure dropped to 18%.

The largest variation in popularity showed up in the regional break out for Max Factor. The No. 4 brand landed mentions by 31% of the managers overall. In the North Central region that number dropped to a low of 17% and in the West that number rose to a high of 55%.

Adding It Up

In the Northeast, 37% named Max Factor and in the South 25% thought of the brand as a top-seller.

Another strong regional difference was illustrated for Prince Matchabelli. Overall, the brand ranked No. 9, with 6% of the managers mentioning the name. In the Northeast, however, only 1% said Matchabelli; 3% in the South; 6% in the North Central area, and a whopping 14% in the West.

On a chain-by-chain breakout, Maybelline held its No. 1 position except at Target, where Revlon was the leader with 98% of the store managers mentioning it. At that chain Maybelline was named by 58%.

Maybelline's highest number of citations came at Zayre, where 82% of the managers consider the brand a top-seller. At K mart, 79% of the managers named the brand and at Wal-Mart 69% of those polled named Maybelline.

Cover Girl was identified most strongly at Target, where just over half, 51%, of the managers called the brand a top-seller. The lowest number of mentions for Cover Girl came at Wal-Mart with 33% of the managers naming the label.

Both Max Factor and Aziza had their strongest results from Target. Max Factor was named by 32% of the Target managers, as opposed to 25% of the Zayre buyers and 19% of both the K mart and Wal-Mart buyers. Aziza was called a top brand by 10% of the Target buyers, 8% of the Wal-Mart managers, 7% of the Zayre managers and 4% of the K mart managers.

Cosmetics

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Maybelline	63%	74%	74%	63%
Revlon	46	47	58	65
Cover Girl	37	41	44	18
Max Factor	37	25	17	55
Aziza	6	11	12	7
L'Oreal	5	7	10	14
Coty	13	3	6	14
Clairol	3	6	10	6
Prince Matchabelli	1	3	6	14
Hazel Bishop	7	5	5	—

Source: DSN/*Leo J. Shapiro & Associates*

In cosmetics, few store managers have seen growth in brands carried this year. At K mart, which is revamping stores like this one in Rochester, Mich., the most managers—6%—cited growth. *(DSN photo)*

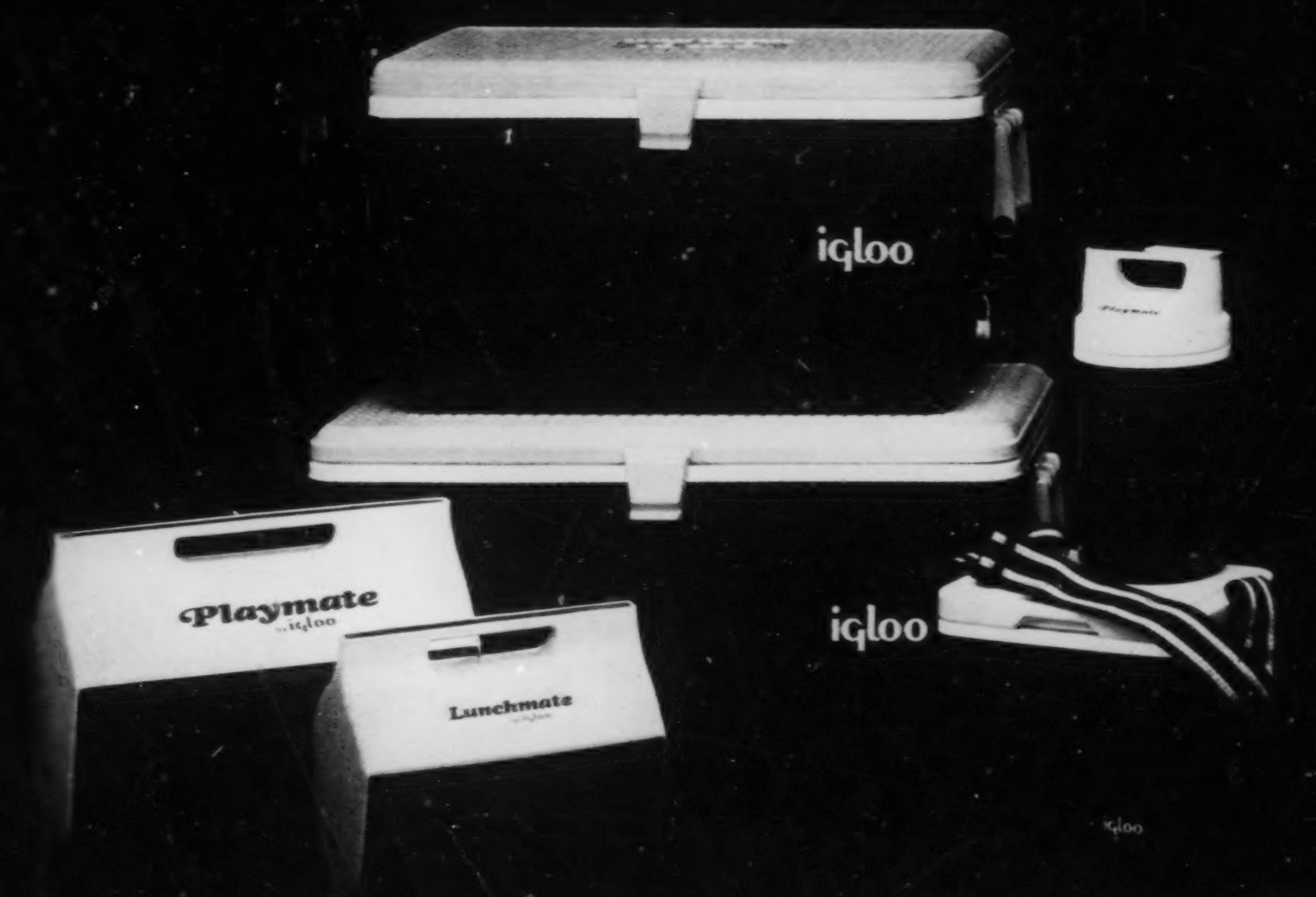
Distribution Parley Planned by NMRI

NEW YORK — The National Mass Retailing Institute will hold its first Physical Distribution and Transportation Conference, Jan. 9-11, 1985, at the Fairmont Hotel in New Orleans.

Among the topics on the agenda are "Motivation of the Work Force," "Distribution as a Competitive Weapon," "Paperless Distribution Centers," "Trip Leasing" and "Warehouse Automation."

A study on physical distribution and transportation conducted by Arthur Andersen & Co. for the NMRI will be presented.

Now, Igloo gives you two good



Igloo. For customers who want the very best.

Until now, no ice chest manufacturer has been able to offer a wide range of price points.

So you were forced to use multiple suppliers.

Now Igloo offers you both the finest ice chest line in America and a brand new value line.

More people buy Igloo brand ice chests.

The reason your customers prefer Igloo products is simple.

They love them.

In fact, Igloo owners are so loyal that they don't buy just one Igloo product. They own an average of nearly four.

Actually, that isn't too surprising when you look into it.

Probably no other ice chest has as much built into it as an Igloo ice chest.

The outside is made of a tough plastic that has withstood attacks by hungry bears.

On the inside is a plastic liner so odor-resistant that even stale fish smells won't linger.

Even the polyurethane foam insulation is superior at keeping drinks cold longer.

Igloo's new 5-year warranty.

Igloo products are built for keeps.

That's why we've extended our warranty to five years. (No other major brand has as long a warranty.) And it's good on all our Playmate®, Legend Series™, and Tag-Along™ ice chests and beverage coolers.

We've made some other improvements, too.

Like new, comfort-grip handles.

More durable latches.

And snazzy new designer colors.

A new value line: Explorer by Igloo.

Our new value line of ice chests

Traditional Leaders Remain in Forefront

Housewares

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Rubbermaid	47%	48%	44%
Corning	18	21	6
General Electric	14	10	34
Corelle	11	11	11
Ekco	10	10	9
Procter & Gamble	9	8	11
Anchor Hocking	8	7	9
Wear-Ever	6	6	8
Pyrex	6	7	2
Revere	6	6	3

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Rubbermaid	15%	46%	63%	41%
Corning	4	30	5	4
General Electric	1	11	7	35
Corelle	4	17	8	13
Ekco	5	5	3	2

Source: DSN/Leo J. Shapiro & Associates

The latest addition of brands in housewares hasn't affected the standings of the top traditional brands, according to store managers polled by *DSN*.

Rubbermaid, Corning, General Electric, Corelle and Ekco are the housewares brands most often cited by store managers at full-line discount chains.

Rubbermaid was named by 47% of all those polled. The No. 2 through No. 5 brands scored mentions from 18% to 10%.

These top five brands head an increasing roster of national brands in the department, store managers said. Housewares was cited by 22% of store managers as a department where name brand penetration had increases this year.

That figure was matched only in ladies' apparel and health and beauty aids. Men's apparel scored a close 21%, but no other department approached these levels of growth in brands carried.

The trend to add brands continues to spread among discounters, however, who seek new resources to raise housewares' margins, create distinctive assortments and add more fashion-oriented merchandise to their expanding mixes.

These goals made it predictable that managers at conventional chains, following the lead of upscalers, reported increases in housewares brand representation equivalent to those of upscale chain managers. At conventional chains, 22% mentioned housewares, compared to 21% of managers at the upscalers.

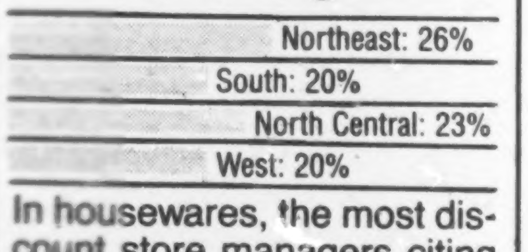
On a regional basis, full-liners in the Northeast cited the greatest increase in brands carried, 26%. Discounters in the North Central states followed at 23%; the South and West tied at still significant 20% levels of mention.

Among top brands listed, Corning earned the second spot among "all" discounters. Clearly, that was on the strength of conventional managers' 21% rating, since upscalers cited the brand just 6% of the time.

Two other brands made by

(Continued on page 26)

Growth Regions



In housewares, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the Northeast States—26%.

Source: DSN/Leo J. Shapiro & Associates

reasons to have one supplier.
EXPLORER
And now, Explorer™ by Igloo. For customers who want value.

and coolers has a lot going for it.

First, Explorer products are very economical to buy. So lots of people will want them.

But don't let the price fool you. They're not built cheaply. They're like any Igloo product—built for keeps.

And each one comes with a full 3-year warranty.

But that's not all. As you can see, the Explorer line comes in all kinds of popular sizes and shapes. And in two very exciting color combinations.

But the one thing that really sets our Explorer line apart from the competition is the name. Igloo.

Igloo is the biggest advertiser.

It's not enough to make a great product. We have to tell people about it.

That's why we're the industry's biggest advertiser.

Igloo is supporting you with national TV and magazine ads featuring Pro-Quarterback, Joe Theismann.

Plus aggressive retail support programs, high-impact packaging, retail co-op, rebate offers, and seasonal programs.

And it's paying off with high brand awareness and increased consumer demand for Igloo products.

Call today.

And take advantage of this consumer demand and demand that Igloo become your one and only supplier.

Contact Igloo Corporation at (713) 465-2571.

igloo®

Built to survive the real world.®

©1984. Igloo Corporation.

Housewares

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Rubbermaid	50%	46%	45%	49%
Corning	15	18	4	42
General Electric	11	15	16	13
Corelle	12	11	12	8
Ekco	1	10	11	14
Procter & Gamble	4	8	9	14
Anchor Hocking	7	6	12	3
Wear-Ever	—	2	6	20
Pyrex	6	6	—	14
Revere	5	1	1	20

Source: DSN/*Leo J. Shapiro & Associates*

sale
3.99
sale

Rubbermaid, the leading housewares brand among discounters polled, was named a top seller by nearly two Zayre managers in three. Zayre, Framingham, Mass., endcaps Rubbermaid Servin' Savers.

Housewares

(Continued from page 25)

Corning—Corelle and Pyrex—earned the No. 4 and No. 9 "all" discounter listings. Corelle received equal levels of mention among conventional and upscale store managers, while Pyrex, like Corning, scored much more strongly among conventional store managers.

The No. 3 housewares brand, General Electric, will be phased out in housewares no later than 1987 because of the purchase by Black & Decker. Its current strength as a top brand is reflected in the survey, however.

Different Perspective

Upscale discounters cited G.E. as a best-seller 34% of the time—behind Rubbermaid only in their assessment. Managers at conventional chains named G.E. just one time in 10, tying it for fourth place in their judgment with Ekco, the No. 5 housewares brand overall.

Anchor Hocking, the sole glassware brand in the top 10 with an 8% level of mention, is close behind No. 6 Procter & Gamble. Two cookware suppliers, Wear-Ever and Revere, round out the top 10, each with mentions by 6%.

Mentions of the top five brands varied widely by chain, with Corning, Corelle and Ekco achieving their highest ratings at Wal-Mart. Corning, for instance, was cited as a best seller 30% of the time by Wal-Mart store managers, compared with 4% and 5% levels elsewhere.

Rubbermaid was cited most often by Zayre store managers—an unmatched 63% of the time. G.E. scored its best at Target, 35%. Notably, K mart ratings of the five leading housewares brands were consistently low, except for Ekco.

One of the biggest things Nikon has ever done.
Nikon AF
NIKON LENS 35mm 1:2.8

[illegible] (L35AF) weighs less than 15 ounces. But despite its size, the engineering that went into it was no small feat.

For the first time your customers will be able to take 35mm flash pictures spontaneously. Because no other autofocus camera has an automatic pop-up flash [illegible]

In addition, your customers won't have to thread the film, advance the film, focus, set the exposure. Or even rewind the film. It's all done automatically.

In fact, no other autofocus camera has the combination of features that the One-Touch has.

Including one selling feature [illegible] autofocus camera will ever have.

The Nikon name.

For information call Bill Delaney at 516-222-0200.

Nikon
We take the world's greatest pictures.™

© Nikon Inc., 1983, Garden City, New York 11530

GE and Conair Get the Most Mentions

No single brand clearly dominates personal care, said discount store managers surveyed, who named General Electric and Conair most often.

Clairol, named by 32% of discounters overall as a top brand to earn the No. 3 slot, was equally popular among conventional store managers, 31%, and upscalers, 34%.

Such consistent support by managers in both classes of trade was not evident, however, among the rest of the top five brands—including General Electric, Conair, Norelco and Vidal Sassoon. The survey showed differences in personal care brands favored by conventional and upscale discount store managers.

View Differs

For instance, General Electric, the No. 1 brand overall, was named by 52% of conventional store managers compared with 30% of upscalers. Conair, No. 2, was cited by 49% of conventional full-liners and 27% of upscalers.

General Electric's 48% overall level of mentions, and Conair's 45%, roughly doubled the popularity level of Norelco, the fourth top brand which was cited by 23% of discounters overall.

Vidal Sassoon, the fifth most often cited brand in personal care, was popular among 15% of store managers polled.

Healthy double digit top brand citations were achieved by many brands in the category, including No. 6 Sunbeam and No. 7 Gillette. These high levels of mention underscore the brand proliferation in personal care, which helps keep top brand honors a matter of hot contention.

Rounding out the top 10 brands are Remington, Windmere and Proctor-Silex, according to the survey. These brands, along with Sunbeam and Gillette, were consistently popular among both conventional and upscale discount store managers. Each of these brands had levels of mention which varied by less than eight percentage points between managers at different format stores.

Discrepancies among the top five appear by chain as

(Continued on page 78)

Personal Care Appliances

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
General Electric	48%	52%	30%
Conair	45	49	27
Clairol	32	31	34
Norelco	23	15	55
Vidal Sassoon	15	10	36
Sunbeam	11	9	18
Gillette	10	10	13
Remington	5	5	2
Windmere	4	5	—
Proctor-Silex	4	4	1

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
General Electric	45%	65%	21%	29%
Conair	87	51	51	18
Clairol	34	24	16	37
Norelco	1	24	3	55
Vidal Sassoon	1	11	—	31

Source: DSN/Leo J. Shapiro & Associates

Growth Regions

▨ North Central: 1%

In personal care appliances, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the North Central States—1%.

Source: DSN/Leo J. Shapiro & Associates

In 1957, two new stars started playing on TV.

One you already recognize. The other was a brand new invention 3M introduced to the CBS television network. We called it videotape.

Since then, over 300 improvements later, our invention has been the standard of the television industry. It's gone around the world and into outer space. It's even won an Emmy.

In fact, 3M Scotch® brand one-half inch videotape is so exceptional, it even holds a *lifetime* warranty against defects in materials and workmanship.

Hearing what people need and seeking new ways to improve our answers (300 times or more) has helped 3M star in pioneering and perfecting over 200 high-performance consumer products. From Thinsulate® Thermal Insulation that's nearly twice as warm as down, to Scotchgard® Protectors and floppy disks for home computers. When it comes to breakthrough innovation, leave it to 3M.

We always begin by listening.

3M hears you...

For your free 3M Products and Technologies Brochure write: Department 074211/3M, P.O. Box 22002, Robbinsdale, MN 55422.
Name ______________
Address ______________
City__________State_____Zip______
Or call toll-free: **1-800-336-4327.**

© 1984, 3M

3M

Winners Span Variety of Subcategories

Top brands in automotive span a broad variety of subcategories, underscoring the department's balanced sales strength.

Despite oil brands' strong presence on the list of best sellers—copping the No. 1 and No. 2 spots—brands of chemicals, replacement parts, batteries and waxes were also cited frequently as leading brands by store managers polled.

Quaker State, the brand cited 55% of the time by discounter store managers, and Pennzoil, named by 32%, provide a solid one-two sales punch for the department, the survey revealed.

A third oil brand, Valvoline, appears as the seventh top brand on a 16% level of mentions. A fourth, Havoline, is the 10th leading brand at 10%.

STP, listed by 25% of all full-line discounters, edged out Prestone as the leading chemical brand and the department's third best seller overall. Prestone, cited 23% of the time by store managers, is the No. 4 brand overall.

Replacement engine parts brand Champion nailed down the No. 5 spot, edging Fram's level of mentions by one percentage point, 19% vs. 18%.

AC-Delco was the leading battery brand; at 13%, it was mentioned eighth most frequently by store managers. Turtle Wax, named by 10%, was the only body care item cited often enough to appear on the list.

Significantly, the top five brands represent three diverse product segments: oil, chemicals and replacement parts.

Also important, support of the five leading brands was consistent among store managers at conventional and upscale chains. Quaker State, for instance, was cited as a top brand by 54% of conventional full-liners and 59% of upscalers. Similar balanced results appear for Pennzoil, STP, Prestone and Champion.

On the other hand, Fram and Turle Wax fared much better among conventional discounters, while Valvoline and AC-Delco were mentioned far more frequently as best sellers by upscale store

(Continued on page 32)

Automotive

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Quaker State	55%	54%	59%
Pennzoil	32	33	28
STP	25	26	19
Prestone	23	23	24
Champion	19	18	23
Fram	18	22	2
Valvoline	16	14	24
AC-Delco	13	7	39
Turtle Wax	10	12	2
Havoline	10	10	8

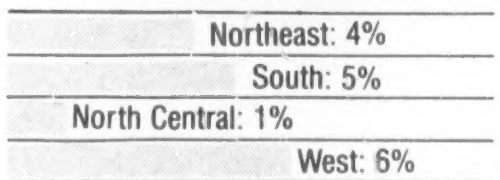
Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Quaker State	37%	57%	90%	53%
Pennzoil	38	25	3	30
STP	10	40	18	11
Prestone	12	22	53	19
Champion	18	11	14	22

Source: DSN/Leo J. Shapiro & Associates

Growth Regions



In automotive, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the West—6%.

Source: DSN/Leo J. Shapiro & Associates

ANCO.
The best blade you can sell.
Tests prove it.

ANCO is the number one brand in the wiper blade business. Because, quite simply, we build the best wiper blades money can buy.

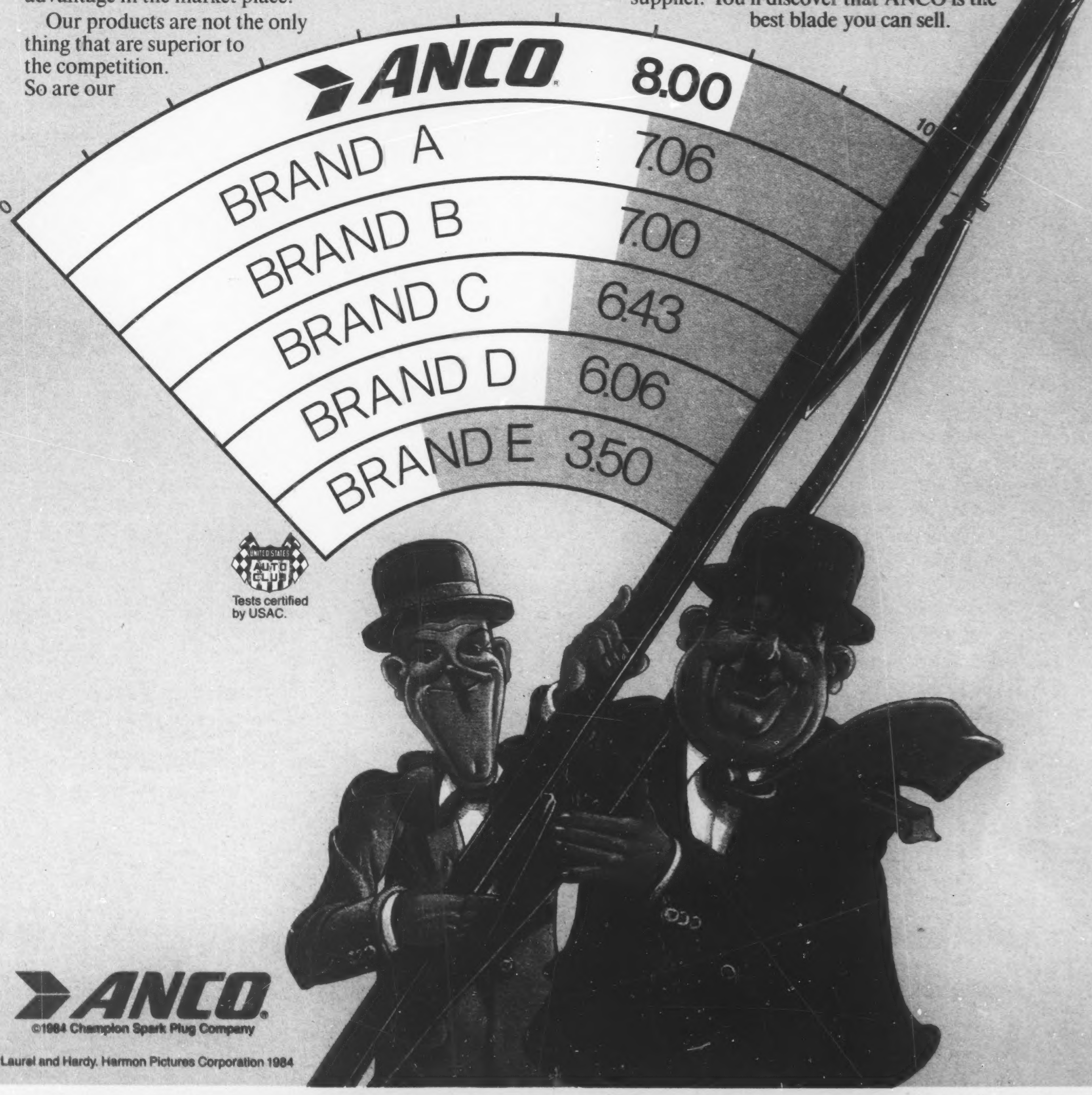
That's why in a recent wiper blade test, certified by USAC, we came out on top. ANCO had the best overall rating (averaging 8 out of a possible 10 points) of all major wiper brands, cleaning windshields better than any other blade tested.

But ANCO blades not only clean better, they sell better. Which gives customers like you a real advantage in the market place.

Our products are not the only thing that are superior to the competition. So are our support programs. No one else has an exciting national television campaign like our Laurel & Hardy series. No one else offers a successful, consumer-oriented rebate program year after year. And no one else supplies you with dynamic merchandising and point-of-purchase materials like ours.

Put that all together and you've got the best-made, best-known and best-selling wiper blade in the business, ANCO.

For more information, contact your ANCO supplier. You'll discover that ANCO is the best blade you can sell.



Tests certified by USAC.

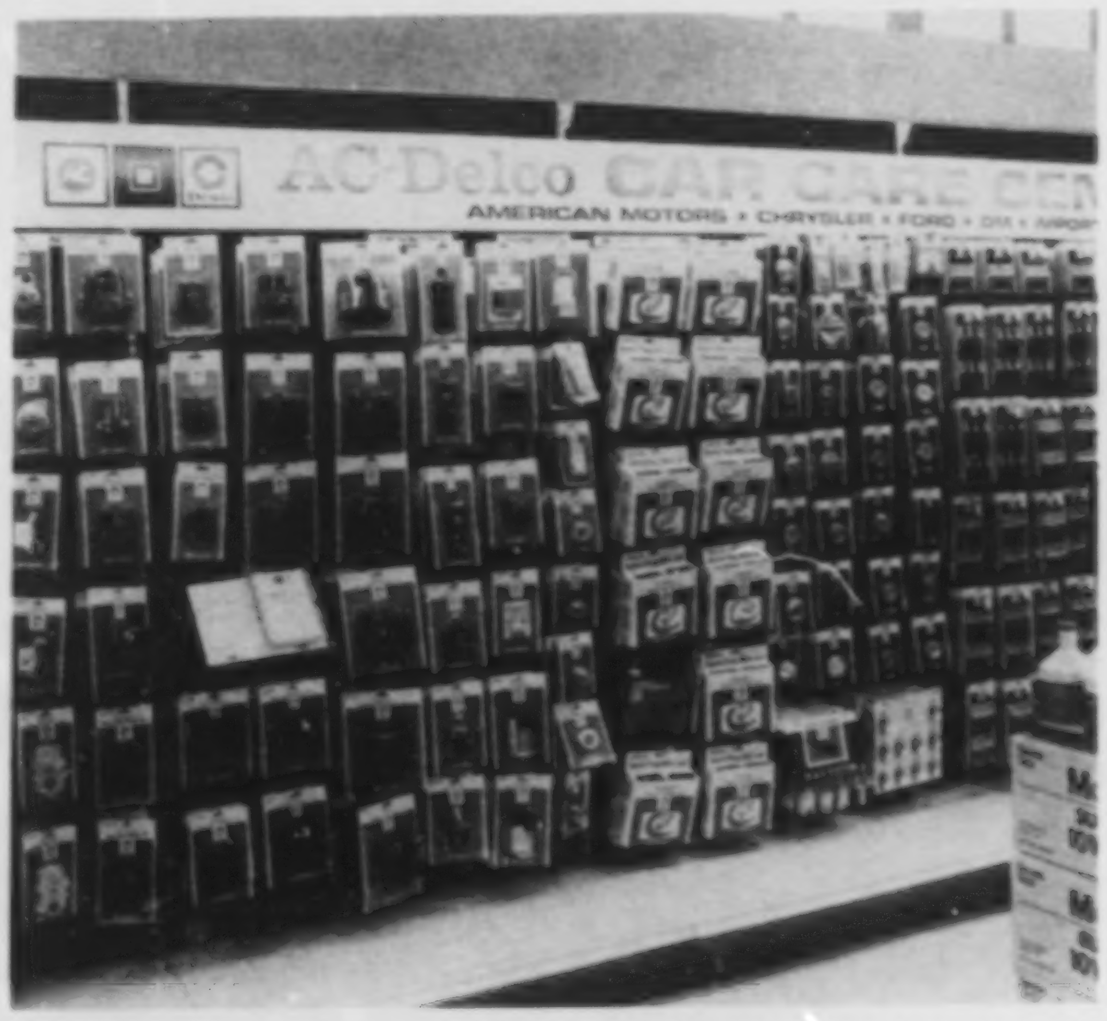
ANCO
©1984 Champion Spark Plug Company
®Laurel and Hardy. Harmon Pictures Corporation 1984

Automotive

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Quaker State	72%	60%	57%	29%
Pennzoil	25	15	40	55
STP	18	31	20	30
Prestone	22	20	21	34
Champion	16	15	16	31
Fram	15	20	6	37
Valvoline	20	15	14	15
AC-Delco	5	14	22	7
Turtle Wax	15	6	5	20
Havoline	6	23	4	2

Source: DSN/Leo J. Shapiro & Associates



AC-Delco, the only battery brand on the top 10 listing, fared nearly six times better among upscale store managers, who named it as their No. 2 brand. Bradlees, Watertown, Mass., gives the brand its own display. *(DSN photo)*

Automotive

(Continued from page 31)

managers.

When store managers at four leading full-liners were asked to name their five top-selling brands, Quaker State headed the list at three. An impressive 90% of Zayre managers cited Quaker State as a top brand, as did 57% at Wal-Mart and 53% at Target.

At K mart, Pennzoil nosed out Quaker State by one percentage point, 38% vs. 37%, as the chain's most often named automotive brand, according to store managers polled.

While receiving similarly strong 30% levels of mention at Target and 25% at Wal-Mart, Pennzoil's citations slipped to 3% among Zayre store managers.

Wal-Mart managers' 40% level of mentions provided the impetus for STP's appearance on the top brand list. That frequency of identification as a best seller far exceeded mentions by 18% at Zayre, 11% at Target and 10% at K mart.

Similarly, Prestone's number of citations as a top brand were high only at one chain—Zayre—whose managers cited the brand more than half the time. In comparison, only 19% of Target store managers, 22% at Wal-Mart and 12% at K mart cited Prestone as a leading automotive brand.

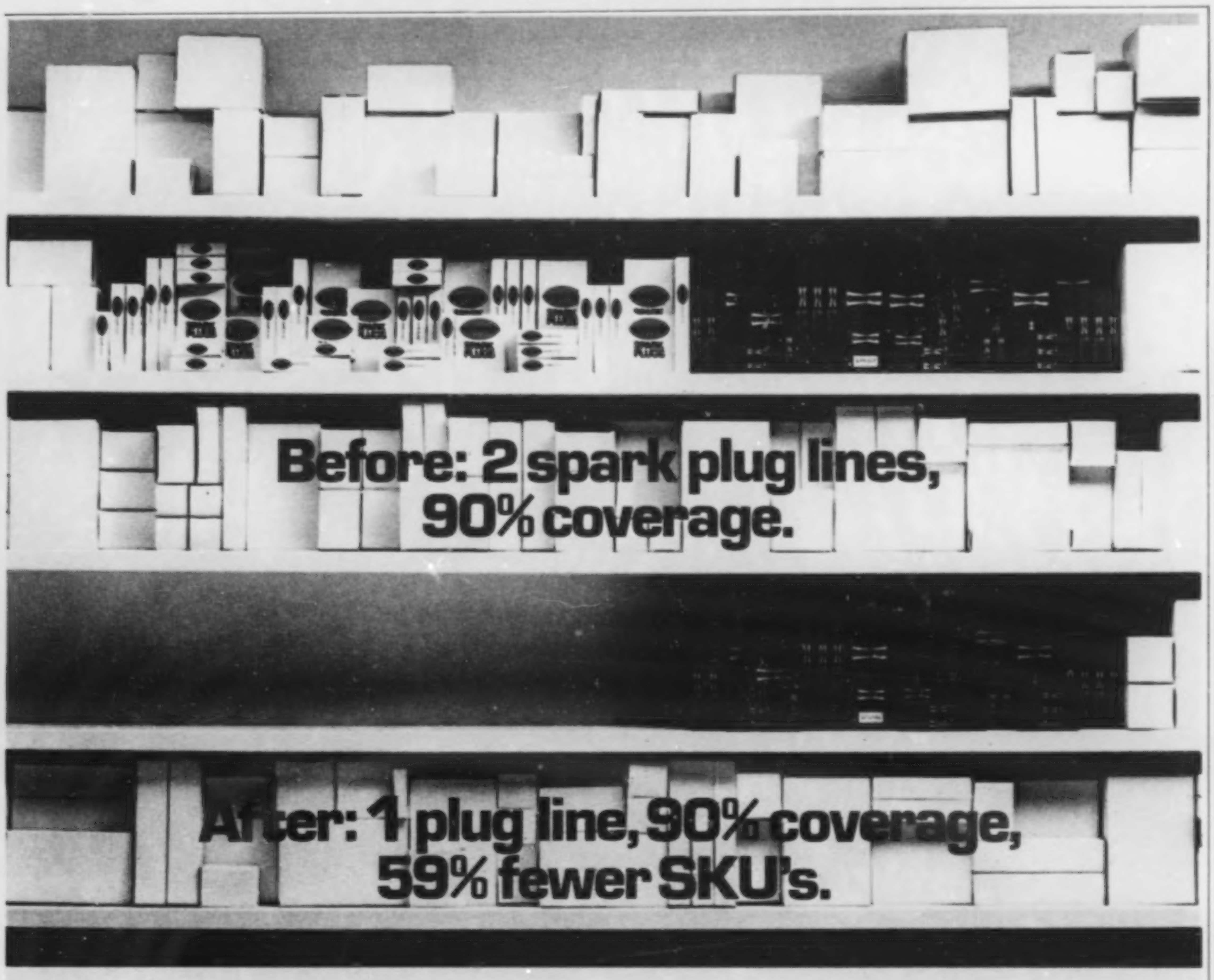
Adding It Up

Discount store managers mentions of Champion as a top brand, though less frequent, were more consistent. Target store managers identified Champion most often, 22%, compared with 18% at K mart, 14% at Zayre and 11% at Wal-Mart.

Discount store managers in all parts of the country cited an increase in the number of automotive brands carried during 1984. The greatest expansion apparently took place in the West, where 6% of store managers reported broadened brand assortments; 5% of managers in the South said the same, as did 4% in the Northeast and 1% in the North Central states.

The popularity of the top two automotive brands varied widely by region, said store managers polled. Quaker State, for instance, was identified as a top seller by 72% of discount store managers in the Northeast and just 29% in the West. Pennzoil attained a 55% level of mentions in the West and a weak 15% in the South.

Results were more consistent nationwide for STP, Prestone and Champion, the next leading brands, whose levels of mention ranged from 15% to 34% in different parts of the country.


Before: 2 spark plug lines,
90% coverage.
After: 1 plug line, 90% coverage,
59% fewer SKU's.

Champion would like to help you reduce some excess bulges in your inventory.

To get your shelves into shape, you don't have to give up a single percentage of your automotive market coverage.

If you currently stock two spark plug lines, simply eliminate the second line.

You'll still offer your customers 90% import and domestic coverage with just 30 Champion Copper Plus® plug types.

If your second line happens to be Motorcraft, that would mean 59% fewer SKU's.* If your second line is Autolite, that would save you 58%.* And if your second line is AC Delco, you'd save 52%.*

By reducing your automotive plug types, you can use the freed-up shelf space to realize your full profit potential. You can tap into the growing motorcycle, marine and lawn & garden markets, which together account for 20% of all spark plug sales.

Compare the "before" and "after" pictures, then take a good look at your own shelves.

To get them into shape, stock Champion, the most accepted automotive–and non-automotive–spark plug brand. Contact your Champion representative today.

*Source: National Aftermarket Audit.

CHAMPION® NOTHING SPARKS LIKE A CHAMPION

©1984 Champion Spark Plug Company
Toledo, OH 43661

COPPER PLUS THE PLUS IS PREMIUM PERFORMANCE

Conventional, Upscale Mgrs. Split Vote

Thanks to overwhelming popularity among the upscale segment, Fisher-Price won the most mentions as a best-selling toy brand from full-line discount store managers.

But, Mattel scored a more onsistent second place.

The No. 1 brand of educa-ional and preschool toys was named by 56% of all discounter store managers, but ere was a stark difference between the conventional and upscale store managers polled.

Upscale store managers ted Fisher-Price 71% of the me. At conventional discount stores, however, managers named the brand 53% the time, slightly less often than No. 2 Mattel, which was named by 55% of both conventional and upscale disunt store managers.

Coleco exploded onto the list as the No. 3 toy brand and did not experience a serious split between the two discounting segments. No doubt, Cabbage Patch hysteria accounted for a 46% mention at conventional discounters and a slightly higher 48% share at upscalers.

The remaining top five toy brands included No. 4, preschool toy brand Playskool, cited by 24% overall, and No. 5, Kenner, named by 22% at all discounters.

For the most part, the number of branded items in toy departments appears to have reached its zenith with the recent influx of popular censed goods in toy departments nationwide. Store managers in the South and North Central regions, however, anticipate minimal gains of 3% and 1%, respectively.

Growth Regions

South: 3%
North Central: 1%

In toys, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the South—3%.

Source: DSN/Leo J. Shapiro & Associates

Toys

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Fisher Price	56%	53%	71%
Mattel	55	55	55
Coleco	46	46	48
Playskool	24	27	11
Kenner	22	23	19
Milton Bradley	20	19	26
Tonka	17	16	20
Parker Brothers	16	14	26
Huffy	10	12	1
Hasbro	10	10	10

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Fisher Price	43%	51%	66%	82%
Mattel	41	73	28	53
Coleco	42	30	47	52
Playskool	26	24	34	11
Kenner	36	8	6	11

Source: DSN/Leo J. Shapiro & Associates

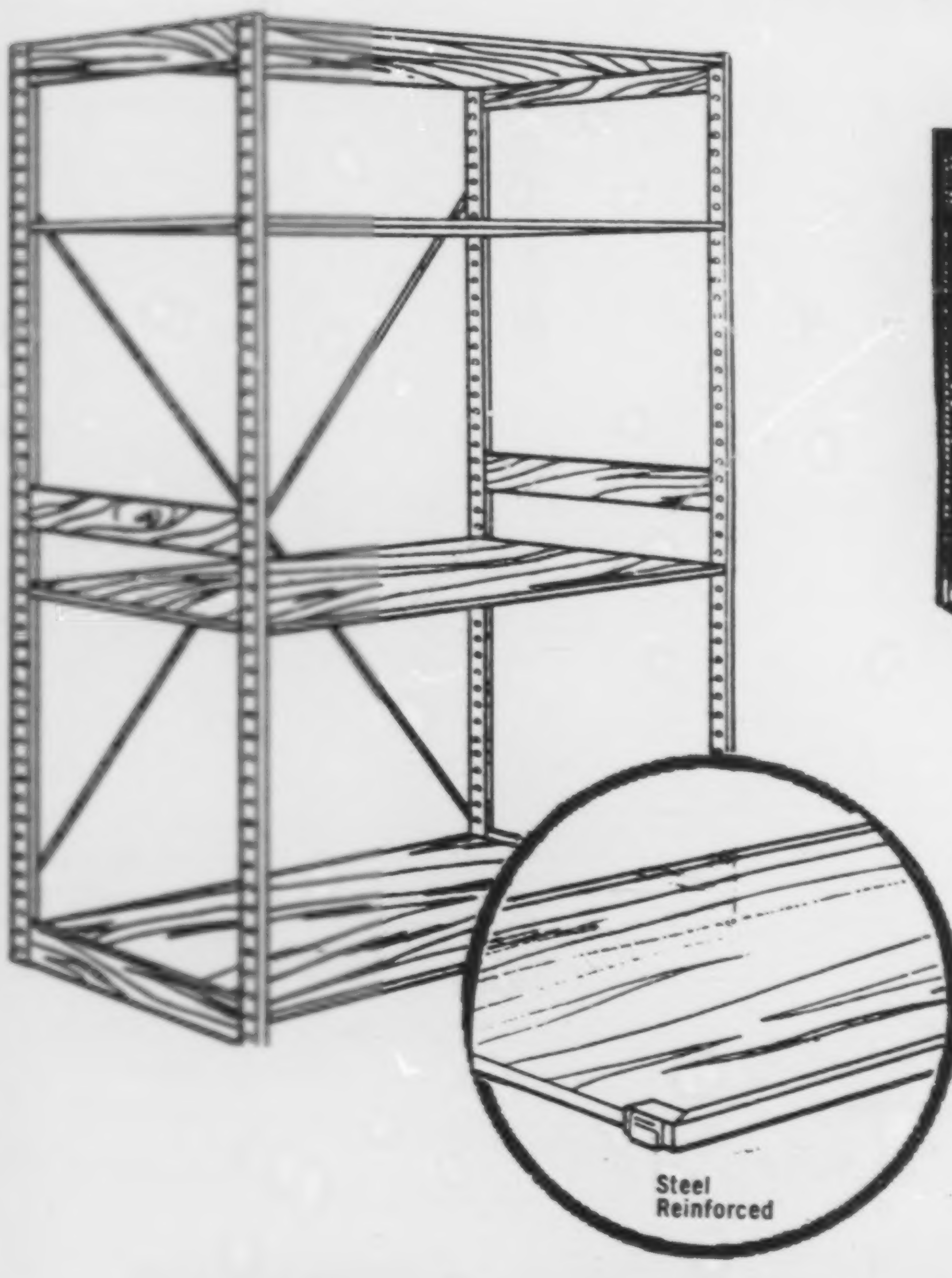
On a regional basis, the two top brands saw little shifting. Both Fisher-Price and Mattel stayed within a 4% swing of the combined store manager poll in each regional breakout—except for Mattel in the Northeast. The brand was only mentioned by 48% of Northeastern store managers, a seemingly high response until compared to its 55%-59% range in the three remaining regions.

Coleco, however, fluctuated in popularity from region to region. Its strength was clearly seen in the West, where 64% of store managers cited the brand, compared with a smaller 38% who named it in the South. Managers in both the Northeast and North Central regions named Coleco 43% of the time.

Kenner, No. 5 on the list, experienced a wide range of regional responses. Strong in the North, the brand was named by 30% of store managers in the North Central region and 28% in the Northeast, but the brand's strength fell to mentions by 15% in the South and 16% in the West.

Among the other top toy brands, Milton Bradley, recently acquired by Hasbro, saw its greatest popularity in the Northeast region with a 27% mention by managers. In the three remaining re-

(Continued on page 40)



The Express Rack
by parsteel®

COMPLETE STOCK SHELVING AT LOW COST

The Express Rack, easy to install, with high versatility, simple add-on capabilities - Double Decking - Excellent for stock rooms, ready-to-wear, departments stores, discount stores and specialty stores.

COMPLETE INSTALLATION AVAILABLE

parsteel®
PRODUCTS & SERVICE CO., INC.
383 East 16th Street, Chicago Heights, Illinois 60411

CALL 1-800-323-1101
In Illinois 312-758-5800
FOR PRICES
AND/OR LITERATURE

Why buy any line when you can sell a

Design-A-Chair

LEISURE PRODUCTS, INC.
The next big name in lifestyle furnishings.
215/232-9900

BEST AVAILABLE COPY

Toys

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Fisher Price	55%	55%	58%	57%
Mattel	48	56	55	59
Coleco	43	38	43	64
Playskool	21	29	17	29
Kenner	28	15	30	16
Milton Bradley	27	17	19	20
Tonka	11	14	17	26
Parker Brothers	14	7	12	39
Huffy	17	10	8	7
Hasbro	10	11	10	9

Source: DSN/Leo J. Shapiro & Associates

Fisher-Price and Playskool are the preschool toy brands which copped two of the top six spots in the category's brands survey. Together, they dominate perimeter gondola display at Fedco, Cerritos, Calif.

Toys

(Continued from page 39)

gions, mentions of the board game brand ranged from a 17% response in the South to a 20% share in the West.

In contrast, Parker Brothers, another of the leading board game names, was named 39% of the time in the West, 14% in the Northeast, 12% in the North Central and only 7% in the South.

Both board game brands were named by 26% of the upscale discounters, with Milton Bradley cited by 19% at the conventional discounters and Parker Brothers named by only 14% of store managers at conventional chains.

A chain-by-chain breakout illustrates many of the before-mentioned trends, particularly in the case of the leading brands.

For example, Fisher-Price was named by 82% of upscaler Target's store managers, while its highest share among conventional discount chains was seen at Zayre, with 66% mentions, K mart managers named Fisher-Price 43% and Wal-Mart, 51%.

Strengths Examined

Playskool, a second preschool brand, saw its greatest popularity at the more conventional segment with a 27% mention, compared to an 11% rating from upscalers. Strongest at Zayre, where it was named by 34%, Playskool saw a 26% share at K mart and a 24% mention at Wal-Mart. At Target only 11% mentioned the brand, relying instead on the Fisher-Price line.

Mattel, which saw consistent mentions by 55% across the board in types of chains, had its strongest response from Wal-Mart, which named the brand 73% of the time. Target followed at 53%. Mattel's percentages dropped at K mart to 41% and to 28% at Zayre.

Coleco was named by 52% of Target store managers.

INTRODUCING FIVE WINDERS.
YOU'VE NEVER SEEN A CAR LIKE THIS BEFORE!

Schaper proudly presents Five Winders.™

The most unique vehicles in the moveable vehicle category. It'll blow kids away, because the gear shift lever on top lets them do 5 different stunts — when they want — go straight, pop wheelies, panic stop, spin out right and left. Non-stop excitement. And Five Winders were fully tested with kids — the perfect car for 1984.

WATCH OUT.

Five Winders will sell right and left. Because they totally out-match the competition, and, because we're promoting them with unprecedented advertising support.

TV support starting April 2, with six weeks of TV in 60 key markets. Over 115,000,000 impressions to kids 6-11 years old. That's just the beginning.

There's 6 models to choose from. Five Winders are priced to generate very healthy margins for you. Right from the very start.

So stock up now and get ready for a new generation of profits! Call your Schaper sales representative today.

Schaper

BEST AVAILABLE COPY

Kodak and Polaroid Get Most Mentions

Photo

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Kodak	85%	87%	77%
Polaroid	50	52	40
Canon	37	32	62
Minolta	23	19	40
Pentax	16	13	28
Fuji	9	10	3
Nikon	6	1	26
Yashica	6	7	—
General Electric	3	2	5
Vivitar	3	3	—

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Kodak	84%	89%	97%	73%
Polaroid	33	58	77	46
Canon	56	34	—	60
Minolta	40	14	3	39
Pentax	32	3	—	17

Source: DSN/Leo J. Shapiro & Associates

Kodak is the undisputed No. 1 photo brand among discounters; Polaroid ranks second.

The leading brand of simple-to-use cameras and film was named by 85% of all full-line managers as a best seller, reflecting Kodak's balanced support among conventional store managers, who cited it 87% of the time, and upscalers 77%.

Polaroid, which was named as a top brand by exactly half the store managers polled, displayed greater popularity among conventional discounters who named the brand 52% of the time compared with 40% at upscalers.

Indeed, upscalers named No. 3 Canon as a top brand 62% of the time—the closest score of any to Kodak, and which far outstripped Polaroid's mentions at upscale chains.

Minolta, No. 4 overall, tied Polaroid for the third highest mentions among upscalers at 40%. Like Canon and the No. 5 brand, Pentax, Minolta's mentions at upscale chains were about double its recognition among conventional store managers.

Further down the list, Nikon showed a significant split in strength with mentions by 26% at upscalers and just 1% by conventional store managers.

Upscale discounters apparently lean more on costlier, more complex Japanese brands to help drive department sales. Three of the top five photo brands are Japanese—as are seven of the top 10. Virtually all of them were identified as top brands far less frequently by conventional discounters, the survey revealed.

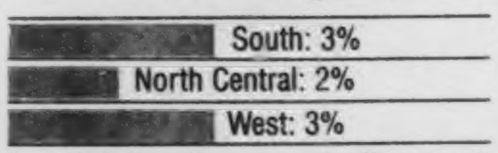
Conventional store managers most often named Kodak as their leading brand and Polaroid No. 2.

Kodak and Polaroid each received their highest levels of mention by Zayre store managers, 97% and 77%, respectively. This became evident when managers at four leading full-liners were asked to name their best-selling photo brands.

Both brands also ran one-two at Wal-Mart, with respective 89% and 58% identifications. At K mart, Polaroid, named by 33%, was outdistanced by Canon, 56%;

(Continued on page 45)

Growth Regions



In photo, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the West and South States—3%.

Source: DSN/Leo J. Shapiro & Associates

MILLIONS OF PEOPLE ARE CARRYING SHARP AUDIO PRODUCTS. ARE YOU?

Last year, Sharp audio smashed all existing sales records.

And it's not hard to see why. Sharp has a genius for incorporating the very latest technological innovations into portable stereos that not only sound and look great, but are also exceptional values.

For instance, the QT-77 is a stereo Multi-Band cassette recorder with High-Speed Dubbing, Double Cassette capability and many other sophisticated features. It's even available in four fashionable colors, including today's most sought-after color, black.

Sharp's QT-50 stereo AM/FM cassette recorder combines looks and technology in a unique, pastel-hued clamshell design.

The JC-77 ranks among the world's smallest FM/AM Auto-Reverse personal portables. Yet it has such sophisticated features as a graphic equalizer and Dolby.®

Sharp also offers the "A" series, an outstanding line of portable stereos with detachable speakers.

To say nothing of our complete lines of compact disc players, midi-components, compact stereos, matched rack systems and tape decks that offer today's finest values in state-of-the-art performance.

All of which helps to explain why Sharp's sales have risen so dramatically.

So carry Sharp. Or a lot of your customers just might carry their business elsewhere.

SHARP

FROM SHARP MINDS
COME SHARP PRODUCTS

A/V EQUIPMENT, AUDIO, BANKING SYSTEMS, CALCULATORS, CASH REGISTERS, COMPUTERS, COPIERS, ELECTRONIC TYPEWRITERS, FACSIMILE EQUIPMENT, MICROWAVE OVENS, PROFESSIONAL VIDEO CAMERAS & MONITORS, TELEVISIONS, VIDEO TAPE RECORDERS.

© Sharp Electronics Corp., 10 Sharp Plaza, Paramus, N.J. 07652 (201) 265-5600

High-ticket Japanese cameras were far more popular among upscalers than conventional store managers, who called them top brands just half as often. All named Kodak the most. Shown is Fedco, Cerritos, Calif. *(DSN photo)*

Photo

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Kodak	77%	91%	82%	86%
Polaroid	49	60	40	50
Canon	31	29	47	42
Minolta	13	15	34	27
Pentax	15	6	20	28
Fuji	11	6	5	17
Nikon	4	3	10	6
Yashica	—	4	5	15
General Electric	—	3	2	7
Vivitar	—	1	1	10

Source: DSN/*Leo J. Shapiro & Associates*

Photo

(Continued from page 42)

Minolta, 40%, and barely eked out a fourth place over Pentax, named by 32%.

At Target, Polaroid at 46% was mentioned third most often behind Kodak, 73%, and Canon, 60%.

On a regional basis, Kodak and Polaroid raced to a one-two finish in all parts of the country except the North Central states, where the No. 2 position was usurped by Canon.

Kodak's regional mentions ranged from 77% in the Northeast to 91% in the South, the survey revealed. Polaroid was cited by 60% of discount store managers in the South down to 40% in the North Central region, where Canon's 47% mentions earned it second place.

A Closer Look

Indeed, Canon was a solid third in the Northeast, South and West regions, while Minolta and Pentax shared the No. 4 and No. 5 spots in different parts of the country, the survey showed.

Regional popularity of the top three photo brands matches the national pattern, with their best-selling mentions far surpassing those of brands ranking below, the survey revealed.

However, the strength of brands No. 6 through No. 10 in various regions is also evident. For instance, No. 6 Fuji was named by 11% of Northeast store managers, close to Minolta's 13% and Pentax's 15% levels. In the North Central region, Nikon's 10% mentions approached Pentax's 20%. In the West, Fuji was named a top brand by 17% of store managers, Yashica 15% and Vivitar 10%—not far behind citations of Minolta and Pentax.

Last year we sold 2.5 million radio cassette players. Obviously our name isn't going in one ear and out the other.

Now hear this.

If you're a retailer looking to get in on the booming "boom box" market, there's a line of radio cassette players you should look into.

Ours.

Goldstar radio cassette players offer the kind of quality features consumers want. Like detachable 3-way speakers. Dolby noise reduction. Graphic equalizers. Automatic Search And Play systems. And soft touch controls, to name just a few.

At prices that are not at all expensive.

It's this combination of price and quality that makes Goldstar one of the best values in audio products today.

It's also why our sales volume keeps getting better year after year.

And we're going to keep that volume high by advertising in leading national magazines with full page color ads.

If that sounds like the kind of radio cassette player you'd like to be selling, you're the kind of retailer we'd like to be talking to.

So just call us at (800) 562-0244.

With our kind of quality at our kind of price, the market for our radio cassette players will be all ears.

GoldStar
Expensive electronics. Without the expense.

©1984 Goldstar Electronics, Int'l., Inc.

Survey Finds No Runaway Top Brands

Consumer Electronics

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Commodore	38%	39%	35%
Atari	32	33	28
General Electric	32	33	25
Panasonic	30	26	48
Soundesign	15	10	34
Emerson	15	17	6
Sanyo	13	11	24
RCA	11	13	5
Sony	8	9	1
Coleco	8	6	13

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Commodore	73%	—	44%	39%
Atari	45	5%	56	30
General Electric	37	47	14	28
Panasonic	16	56	5	54
Soundesign	8	16	—	40

Source: DSN/Leo J. Shapiro & Associates

There are no runaway top brands in consumer electronics, a department in which Commodore, the brand cited most often, was named by fewer than four discount store managers in 10.

The top eight brands in the category all received double digit percentages of mentions from store managers polled.

For the No. 1, No. 2 and No. 3 brands—Commodore, Atari and General Electric—top brand citations by store managers were consistent among conventional and upscale full-liners.

Commodore, mentioned by 38% of all store managers polled, was named by 39% at conventional stores and by 35% at upscale chains. Atari's 32% overall level of mentions resulted from one in three conventional store managers citing it as a top brand, and 28% at upscalers. General Electric showed a similar profile, 33% at conventional discounters and 25% among upscalers.

However, Panasonic, the No. 4 brand, was mentioned as a leading brand nearly twice as often by upscalers as conventional store managers, 48% of the time compared with 26%. Notably, that earned Panasonic the top rating among upscale store managers.

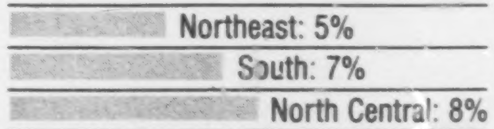
Soundesign, the fifth leading brand according to all discounters polled, was identified as a top brand by one upscale manager in three compared with just one in 10 among conventional store managers.

The flipflop patterns of top brand mentions by store managers continued through brands listed No. 6 through No. 10. For instance, Emerson, No. 6, was cited as a top brand nearly three times more often by conventional store managers than upscalers, 17% compared with 6%.

Sanyo and Coleco each fared twice as well among upscale store managers. RCA was named a top brand more than twice as often by conventional store managers, who also named Sony nine times more frequently than their upscale counterparts.

(Continued on page 50)

Growth Regions



In consumer electronics, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the West and North Central States—8%.

Source: DSN/Leo J. Shapiro & Associates

Now...
the auto-sell 35mm
has even more sell!

- *1.5 SECOND FLASH RECYCLING, FLASH AFTER FLASH, YEAR AFTER YEAR!*
- *UP TO 10 YEARS OF NORMAL USE WITHOUT BATTERY COSTS!*

OLYMPUS
ZUIKO
OLYMPUS
38mm 1:2.8
Flash
QUICK FLASH
OLYMPUS BATTERY LIFE CERTIFICATE
FREE LITHIUM BATTERY REPLACEMENT
OLYMPUS QUICK FLASH AFL

Olympus includes a Free Lithium Battery Replacement!

BATTERY LIFE ASSURANCE!

We're so confident that the AFL's Lithium Battery will perform long and well, we are offering your customer a free battery replacement with each AFL camera sold by Olympus Corporation. When your customers return the completed Purchase Information Card that's packed with each AFL, we'll send them a FREE Battery Replacement Certificate, valid for 5 years from date of purchase.

AUTO LOAD! AUTO FOCUS! AUTO EXPOSE! AUTO ADVANCE! AUTO REWIND!

Like no other 35mm camera you can sell, the auto-everything Quick Flash AFL adds still another powerful PLUS to its outstanding features: BATTERY LIFE ASSURANCE! If you haven't yet demonstrated an AFL, imagine pulling a camera off the shelf, and being ready to fire a flash in 1½ seconds flat. And another in 1½ more seconds. And another...flash after flash.

In fact, year after year. Loading, focusing, shooting, rewinding. All automatic features. All *automatic-sell* because these features are demonstrable. And the uniqueness of Lithium-powered flash is the absolute one-of-a-kind clincher that nobdy, NOBODY, has but Olympus. With BATTERY LIFE ASSURANCE that only Olympus Corporation can offer you and your customers. Want to see for yourself? Call any time, any day for your Olympus Sales Representative: (800) 631-7777. In NJ (800) 522-4159.

OLYMPUS®
QUICK FLASH AFL

SEE THE NATIONAL ADVERTISING SUPPORT IN TIME, NEWSWEEK, LIFE, SPORTS ILLUSTRATED, PEOPLE, ETC., THAT WILL BRING CUSTOMERS INTO YOUR STORE. BE READY FOR THEM!

Consumer Electronics

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Commodore	35%	24%	51%	43%
Atari	27	24	28	56
General Electric	33	37	34	19
Panasonic	34	36	29	18
Soundesign	9	16	26	1
Emerson	17	23	12	4
Sanyo	11	10	10	26
RCA	18	13	3	15
Sony	9	9	5	8
Coleco	15	6	6	6

Source: DSN/Leo J. Shapiro & Associates

tertainment

Computer-oriented brands, as shown at Gold Circle, Cincinnati, copped the top two survey standings overall in consumer electronics. *(DSN photo)*

CE

(Continued from page 46)

Notably, when store managers at four leading full-liners were asked to name their top brands, Wal-Mart responses countered the overall industry trend.

Wal-Mart managers did not name the No. 1 brand, Commodore, and just 5% named the No. 2 brand, Atari.

For its part, Commodore received its highest level of mentions from K mart managers, 73%, and somewhat fewer identifications by 44% of Zayre managers and 39% at Target.

Atari received its overall No. 2 standing on the strength of Zayre store managers, who named Atari as a top brand 56% of the time, compared with 45% at K mart and 30% at Target.

General Electric and Panasonic each was cited as a best seller most often by Wal-Mart store managers. General Electric, named by nearly one Wal-Mart manager in two as a best seller, was mentioned by just 14% of Zayre store managers, 28% at Target and 38% at K mart.

Disagreement

Panasonic was cited as a top brand by 56% of Wal-Mart managers and just 5% at Zayre, the survey showed. In addition, the brand's popularity at K mart whose managers named Panasonic 16% of the time—and Target, 54%, were also starkly different.

Soundesign's greatest number of top brand citations occurred among Target store managers, 40%, compared with none at Zayre, 8% at K mart and 16% at Wal-Mart.

On a regional basis, Commodore appeared to be most popular in the North Central States, where more than half the store managers polled cited it as a top brand. Its weakest area, at a 24% level of mentions, was the South, the survey revealed.

Atari experienced similar levels of mention in the West, where 56% of store managers considered it a leading seller, and the South, 24%.

However, store managers in the South were kind to General Electric and Panasonic brands, which made their strongest showings in that part of the country. There, the brands achieved the No. 1 and No. 2 standings on the strength of respective 37% and 36% levels of mention.

Soundesign's regional popularity also varied widely—from a 1% level of mentions in the West to 26% in the North Central States.

READ CLASSIFIED ADS

10
5
Bill Gallo

3 ON THE MONEY.

DISCOUNT STORE NEWS' EXCITING NEW 1985 HOUSEWARES SHOW PACKAGE* LETS YOU REACH YOUR PROSPECTS BEFORE, DURING AND AFTER THE SHOW.

Discount retailing accounts for $6.9 billion in housewares sales annually—35% of all retail housewares sales.

And the Housewares Show is the time all the discount retailers are looking at what housewares manufacturers have to sell.

Now you can bracket the Housewares Show with ads in 3 issues of DISCOUNT STORE NEWS. The Pre-Show, the Show issue and the Post-Show issue. And make sure they see your products:

BEFORE: When they are making their plans.

DURING: While they walk the show and are in a buying frame of mind.

AFTER: When they get back to their offices—to remind them to place their order.

Take full-page ads (minimum) in each of these 3 issues and earn a substantial discount.

This is a totally new program. A first for DISCOUNT STORE NEWS and a first for your industry. And your company.

Show off your wares. Make plans for your 1985 budget. Reserve your space now.

*HOUSEWARES SHOW PACKAGE ISSUES AND AD CLOSING DATES:
MARCH 18/FEB. 20
APRIL 1/MARCH 6
APRIL 15/MARCH 20

Discount Store News.
THE NEWSPAPER OF DISCOUNT RETAILING
THE NEWSPAPER OF THE BIG LEAGUE CHAINS
Fred Filer, Publisher

Sales Offices
425 Park Avenue, New York, NY 10022 (212) 371-9400
1 Gateway Center, Newton, MA 02158 (617) 527-6394
444 N. Michigan Avenue, Chicago, IL 60611 (312) 644-8688
606 N. Larchmont Blvd., Los Angeles, CA 90004 (213) 464-8321
Lebhar-Friedman, Inc. The Voice of Retailing

Wide Swings in Popularity Mark Brands

Ladies' apparel brands are subject to perhaps the widest swings in popularity—by chain and by region—than brands in any other category, according to store managers surveyed.

Discounters' most often cited ladies' wear brand, Lee, for example, showed the largest variance between number of mentions at conventional vs. upscale chains than the top seller in any other category.

Lee was mentioned by a total of 38% of all discount store managers polled. However, there was a huge gap of 44 percentage points between the 29% of managers at conventional stores and the 73% of managers at upscale stores who labeled the brand a top seller.

On the breakout of four major chains, the number of Lee brand citations hit lows of 3% and 4% at Wal-Mart and K mart, respectively. At Zayre, the brand's strength zoomed upward to mentions by a full third of the managers. At Target, Lee was named most often—by 70% of those polled.

Even on a regional basis, Lee's strength fluctuated from 10% in the West to 52% in the North Central region—a spread of more than 40 percentage points.

Further Information

Like Lee, the second leading brand, Wrangler, got its highest number of mentions at upscale chains. In those stores 35% listed Wrangler, compared to 22% in conventional stores. On a regional basis Wrangler was consistent in three regions with 24% to 28% listing the brand. But in the Northeast, a much smaller 11% named Wrangler.

At the four chains the survey breaks out, Wrangler outpaced Lee half of the time. Managers at both K mart and Wal-Mart named Wrangler more often, while Lee stayed ahead at Zayre and Target.

Variances were also evident for the other three of the top five brands—Chic, Levi and Jordache. Chic was named by 20% of the conventional chain managers compared with 8% of the upscale store managers. Levi, a brand not available to dis-

(Continued on page 54)

Ladies' Apparel

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Lee	38%	29%	73%
Wrangler	24	22	35
Chic	18	20	8
Levi	17	9	51
Jordache	14	14	10
Gitano	13	10	24
Sasson	10	11	5
Calvin Klein	10	5	30
Playtex	8	8	5
Gloria Vanderbilt	6	8	—

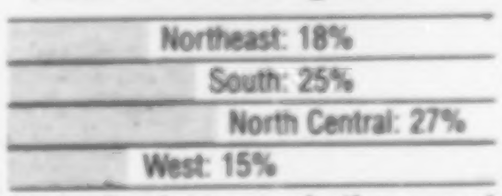
Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Lee	4%	3%	33%	70%
Wrangler	14	38	9	38
Chic	9	25	7	10
Levi	11	—	2	52
Jordache	30	8	3	12

Source: DSN/Leo J. Shapiro & Associates

Growth Regions



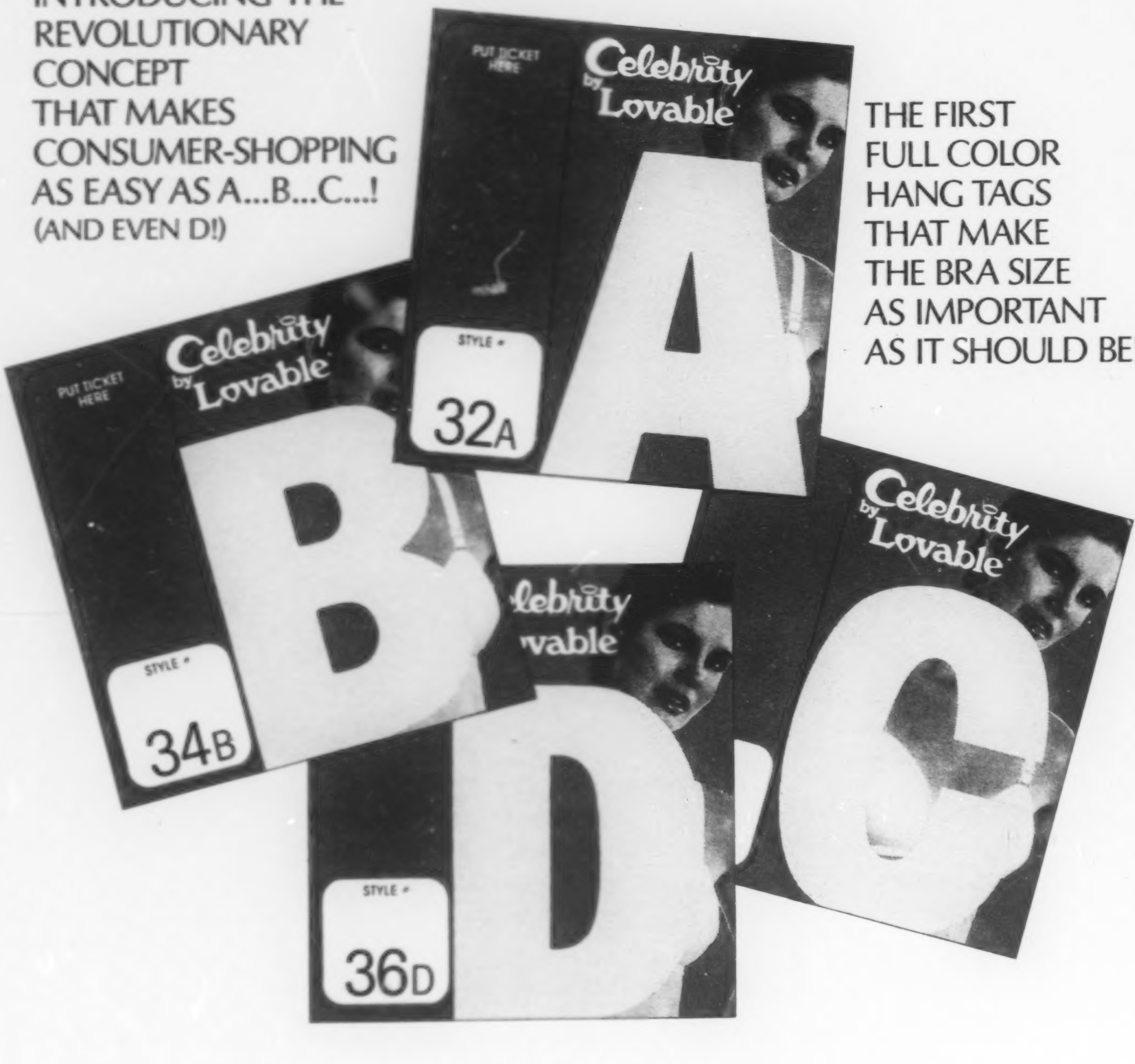
In ladies' apparel, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the North Central States—27%.

Source: DSN/Leo J. Shapiro & Associates

CELEBRITY PROVES, ONCE AGAIN...
WE ARE INNOVATORS, NOT IMITATORS!

INTRODUCING THE
REVOLUTIONARY
CONCEPT
THAT MAKES
CONSUMER-SHOPPING
AS EASY AS A...B...C...!
(AND EVEN D!)

THE FIRST
FULL COLOR
HANG TAGS
THAT MAKE
THE BRA SIZE
AS IMPORTANT
AS IT SHOULD BE!



Celebrity by Lovable
Come see (or call) Len Raskin for details
INNOVATORS NOT IMITATORS 200 Madison Avenue, New York City 11016—(212) 686-7788
LYCRA

Ladies' Apparel

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Lee	46%	37%	52%	10%
Wrangler	11	28	28	24
Chic	16	19	19	16
Levi	3	10	36	14
Jordache	10	10	24	7
Gitano	28	8	14	6
Sasson	16	10	13	1
Calvin Klein	3	13	17	—
Playtex	8	3	—	27
Gloria Vanderbilt	5	8	4	8

Source: DSN/Leo J. Shapiro & Associates

In ladies' wear, all of the five most often mentioned top-selling brands are jeans labels. At an opening this year, Bradlees, Watertown, Mass., used video to underscore its branded assortment.

Ladies'

(Continued from page 53)

counters directly, was named by 51% at upscale chains but only 9% at conventional chains. Notably, Levi was not named by any Wal-Mart manager.

From a regional vantage, Levi was strongest in the North Central area, with 36% naming the brand, and weakest at the Northeast discount chains.

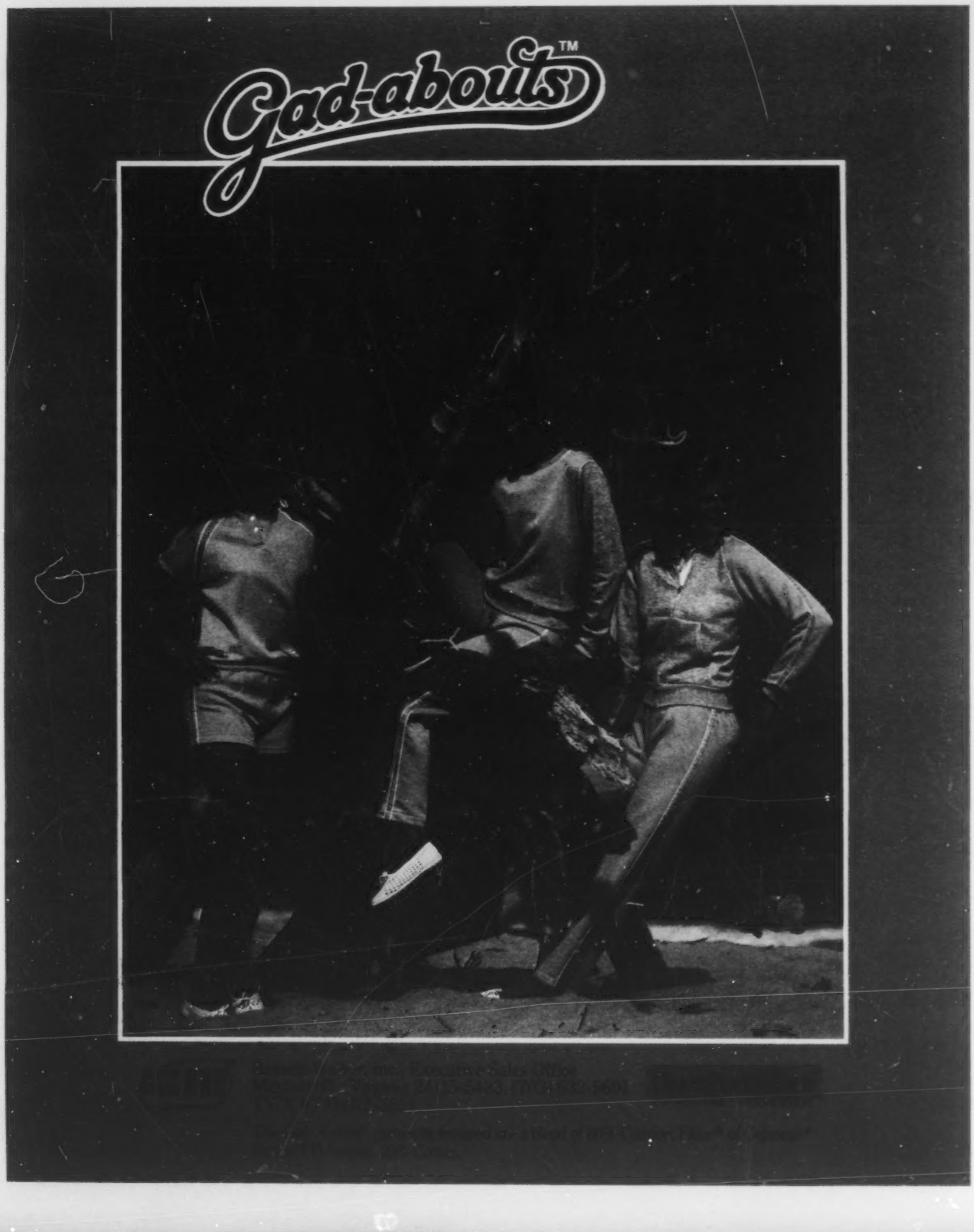
Jordache appears the most consistent when upscalers, who named the label 10% of the time, are compared to conventional store managers, who cited it 14% of the time. But in the regional breakout the No. 5 brand received responses ranging from 7% in the West to over three times that—24%—in the North Central States. In both the Northeast and South the brand was mentioned by 10% of the managers polled.

A Closer Look

None of the top five brands looks the least bit consistent when comparing the four specific chains. Even Jordache is named sporadically.

Clearly, there are enough apparel brands—especially labels with roots in the jeans business—to support continued variances in most ladies' wear brands' strength. In fact, all five top brands and 9 out of the top 10 are labels originally associated with jeans only. (No. 9 Playtex is the exception.)

What's more, the number of brands stocked in discounters' ladies' wear departments continues to rise, say store managers. When asked which departments are stocking more brands this year, 22% of all managers polled named ladies' wear.



Three Jeans Makers Cited Most Often

Men's Apparel

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Wrangler	48%	41%	77%
Lee	41	33	79
Levi	23	17	47
Fruit of the Loom	20	17	31
McGregor	12	12	12
Dickies	12	14	—
Hanes	8	6	17
Ocean Pacific	8	6	16
Jordache	6	7	—
Garan	6	7	1

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Wrangler	38%	84%	14%	75%
Lee	9	—	39	78
Levi	11	14	7	47
Fruit of the Loom	10	27	30	32
McGregor	3	—	31	14

Source: DSN/Leo J. Shapiro & Associates

Men's apparel brands are headed by three jeans names—Wrangler, Lee and Levi's.

In overall performance, Wrangler and Lee are running almost neck and neck, according to store managers, with mentions by 48% and 42% of those polled, respectively. Levi's, named as a top-selling brand in men's wear by 23%, came in a distant third.

Filling out the top five are Fruit of the Loom and McGregor, representing underwear and sportswear for men.

All of the top four brands were named more often by store managers at upscale chains than by those at conventional discount chains. For instance, Wrangler's popularity jumped from 41% at conventional stores to 77% among managers at upscale chains.

Lee, named by 33% at conventional chains, was listed as a top seller by a huge 79% at upscale chains. Likewise, Levi's was named by 17% at conventional chains but by almost half—47%—of those polled at upscale chains.

Even Fruit of the Loom, a basic underwear label, won more mentions from managers at upscale chains—31%—compared with 17% at conventional discount stores.

McGregor was the only one of the top five brands that received the same percentage of citations across the board—12%.

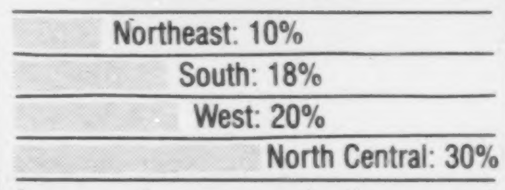
Among the rest of the top 10 brands, Hanes and Ocean Pacific both were strongest at upscale chains. Ocean Pacific is a brand not available to discount chains through direct supply channels. Dickies and Jordache, named by less than 1% of the managers at upscale chains, as well as Garan were mentioned most often among those at conventional full-line discounters.

Although jeans names clearly dominate in the category, 21% of all those store managers polled report the number of brands stocked in their departments have increased this year.

When responses from

(Continued on page 57)

Growth Regions



In men's apparel, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the North Central States—30%.

EVERY KIND OF

Selling our Maxell line is virtually static free.

For starters, we won't tie you up with long hours of negotiations. Nor are there any hidden gimmicks to suddenly surprise you. Our promotions and point of-purchase materials are easy to order and effective. And one of our salesmen will be happy to show you how to use them to your best advantage.

While there's no red tape in dealing with Maxell, there is video

Men's Apparel

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Wrangler	32%	43%	64%	46%
Lee	55	37	56	17
Levi	11	22	27	28
Fruit of the Loom	24	20	20	14
McGregor	23	14	11	1
Dickies	24	17	5	1
Hanes	7	8	15	1
Ocean Pacific	—	1	6	27
Jordache	—	5	15	—
Garan	15	8	2	—

Source: DSN/Leo J. Shapiro & Associates

ACTIVE FASHIONS

Overall, 21% of the store managers polled tagged men's wear an area where the number of brands carried has gained. At K mart, a full third of the managers have seen more men's wear brands this year. *(DSN photo)*

Men's

(Continued from page 56)

chains are broken out, K mart managers most often cited an influx of men's wear brands. A full third of the managers polled at that chain named the category as one with a growing number of labels. Of course, this year K mart launched an upgrade that landed a wider assortment in many of its departments.

At Target, 27% of the store managers polled reported an increase in the men's wear brands their stores carry. At Zayre it was 10% and at Wal-Mart, 6%.

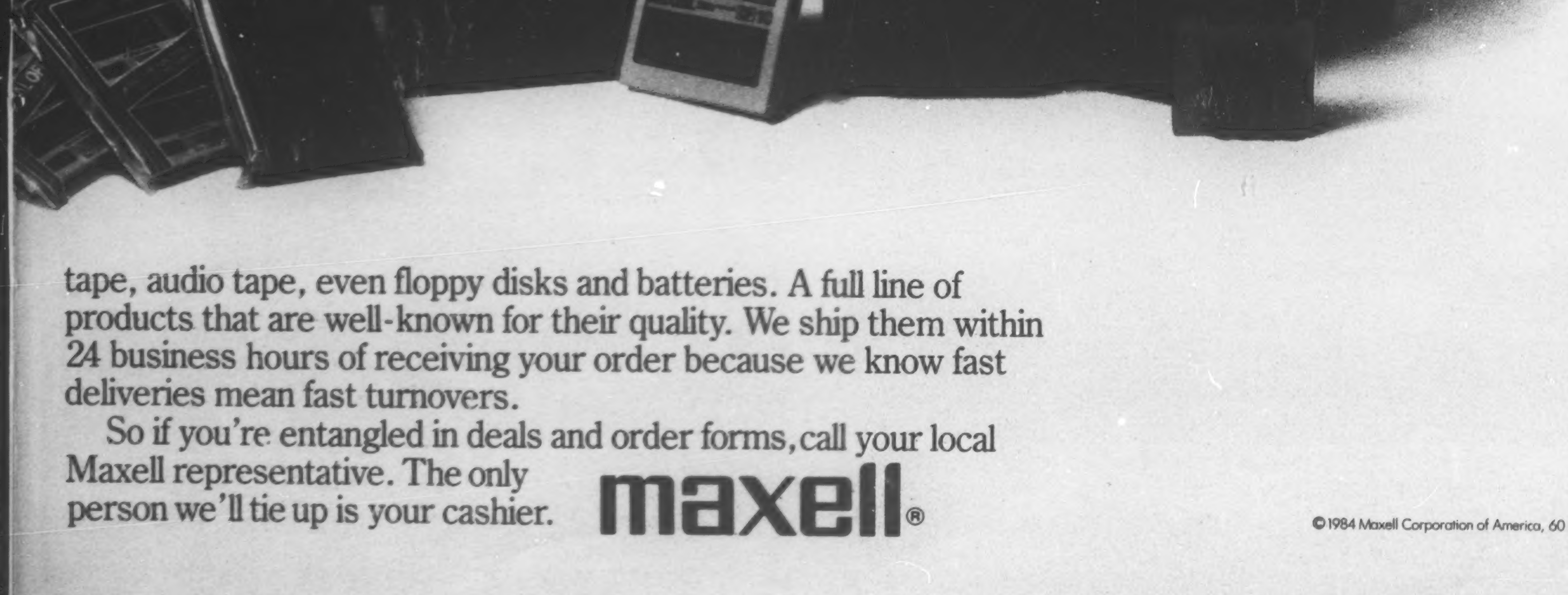
A look at how specific brands fared at those four chains underscores Wrangler's leadership as a discount store brand. The label was named by over three-quarters of those polled at Wal-Mart and Target. At K mart, 38% said Wrangler; at Zayre, only 14% named the brand.

Lee, however, wasn't even mentioned by 1% at Wal-Mart despite its overall No. 2 standing. At K mart the label was mentioned by 9%. In contrast, 78% of the Target managers and 39% of those at Zayre named the brand.

Again, Fruit of the Loom received the most consistent number of citations, although significantly fewer from those at K mart.

McGregor seems most well-entrenched at Zayre, where 31% named the brand. That sportswear label was not named by nearly as many at K mart and Wal-Mart, with 3% and less than 1%, respectively.

TAPE BUT RED.



tape, audio tape, even floppy disks and batteries. A full line of products that are well-known for their quality. We ship them within 24 business hours of receiving your order because we know fast deliveries mean fast turnovers.

So if you're entangled in deals and order forms, call your local Maxell representative. The only person we'll tie up is your cashier.

maxell®

©1984 Maxell Corporation of America, 60 Oxford Drive, Moonachie, N.J. 07074.

Strength of Brands Runs Relatively Low

Brand strength runs relatively low in children's apparel, according to *DSN*'s top brand survey.

The most often cited brand—Garanimals—was mentioned by just a fifth of all the store managers polled, the lowest response rate for a top brand in any category.

In fact, when asked to name the top selling brands in children's wear, a full third—34%—of the managers did not name one.

Even with citations by 20% of all managers, Garanimals is clearly ahead of the other four top labels, which were all at the same level in overall mentions.

Garan, the No. 2 brand (made by the same company as color-coordinated Garanimals) won mentions from only 12% of the managers polled. Lee (No. 3) and Curity (No. 4) both were also named by 12%. The No. 5 brand in children's wear, Wrangler, was cited by 11%.

Pampers, with 10% of the mentions, was a strong No. 6. Health-Tex, a brand not sold directly to discounters at last reports, made the list as No. 7 with 9% of the overall citations.

Among conventional chains, the list is close to the overall results with three exceptions: Curity overtook Lee with 13% vs. 9%; Pampers slipped to 6% under Health-Tex's and Spencer's 7%, and Gerber outranked Levi with 5% vs. 2%.

Among upscale chains, however, there are many more variances from the overall discounter list. Managers at those chains, for instance, named Pampers most often, followed by Wrangler and Lee. No. 1 Garanimals came in fourth among upscale chains only, and was closely followed by Health-Tex and Levi—both with 17% to the top brand's 18%.

Brands not among the top 10 overall that fared well at the upscale chains include: Huggies, named by 20% of the managers; Dr. Denton, named by 11%, and Gitano,

(Continued on page 60)

Children's Apparel

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Garanimals	20%	21%	18%
Garan	12	13	6
Lee	12	9	21
Curity	12	11	15
Wrangler	11	8	22
Pampers	10	6	26
Healthtex	9	7	17
Spencer	7	7	8
Levi	5	2	17
Gerber	4	5	3

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Garanimals	—	46%	3%	9%
Garan	—	29	—	4
Lee	—	—	16	24
Curity	11%	—	9	9
Wrangler	4	11	—	22

Source: DSN/Leo J. Shapiro & Associates

Growth Regions

Region	
Northeast:	1%
South:	6%
North Central:	6%
West:	7%

In children's apparel, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the West—7%.

Source: DSN/Leo J. Shapiro & Associates

ARE YOU BEING CHEATED?

Your battery profits should be better. Toshiba can show you how.

The Toshiba name already stands for high profits and product excellence. Now Toshiba brings these qualities to the battery marketplace.

With the highest profit structure in the industry and a full line of premium quality batteries to suit every need, Toshiba can maximize your battery profits. Call Dave Plesser, General Manager, at (516) 775-3200.

Toshiba—The Name Speaks For Itself. And You.

TOSHIBA
SUPER HEAVY DUTY

TOSHIBA

TOSHIBA BATTERIES
Division of **Elmo Mfg. Corp.**
70 New Hyde Park Road, New Hyde Park, NY 11040

U.S. Postal Service

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION
Required by 39 U.S.C. 3685)

1A. TITLE OF PUBLICATION	1B. PUBLICATION NO.	2. DATE OF FILING
DISCOUNT STORE NEWS	0 0 1 2 3 5 8 7	10/1/84

3. FREQUENCY OF ISSUE	3A. NO. OF ISSUES PUBLISHED ANNUALLY	3B. ANNUAL SUBSCRIPTION PRICE
BI-MONTHLY-EVERY OTHER MONDAY: MONTHLY IN DECEMBER	24	$12

4. COMPLETE MAILING ADDRESS OF KNOWN OFFICE OF PUBLICATION *(Street, City, County, State and ZIP+4 Code) (Not printers)*
425 PARK AVENUE,NEW YORK,N.Y. 10022

5. COMPLETE MAILING ADDRESS OF THE HEADQUARTERS OF GENERAL BUSINESS OFFICES OF THE PUBLISHER *(Not printer)*
425 PARK AVENUE,NEW YORK,N.Y. 10022

6. FULL NAMES AND COMPLETE MAILING ADDRESS OF PUBLISHER, EDITOR, AND MANAGING EDITOR *(This item MUST NOT be blank)*

PUBLISHER *(Name and Complete Mailing Address)*
J.ROGER FRIEDMAN,LEBHAR-FRIEDMAN,INC. 425 PARK AVE.,N.Y.C. 10022

EDITOR *(Name and Complete Mailing Address)*
IRIS ROSENBERG, LEBHAR-FRIEDMAN,INC. 425 PARK AVE.,N.Y.C. 10022

MANAGING EDITOR *(Name and Complete Mailing Address)*
ROBERT STRAUSS, LEBHAR-FRIEDMAN,INC. 425 PARK AVE.,N.Y.C. 10022

7. OWNER *(If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual must be given. If the publication is published by a nonprofit organization, its name and address must be stated.) (Item must be completed.)*

FULL NAME	COMPLETE MAILING ADDRESS
ESTATE OF ARNOLD D.FRIEDMAN	CARE OF LIONEL POPKIN 425 PARK AVE.,N.Y.C.10022
J.ROGER FRIEDMAN	LEBHAR-FRIEDMAN,INC. 425 PARK AVE.,N.Y.C. 10022

8. KNOWN BONDHOLDERS, MORTGAGEES, AND OTHER SECURITY HOLDERS OWNING OR HOLDING 1 PERCENT OR MORE OF TOTAL AMOUNT OF BONDS, MORTGAGES OR OTHER SECURITIES *(If there are none, so state)*

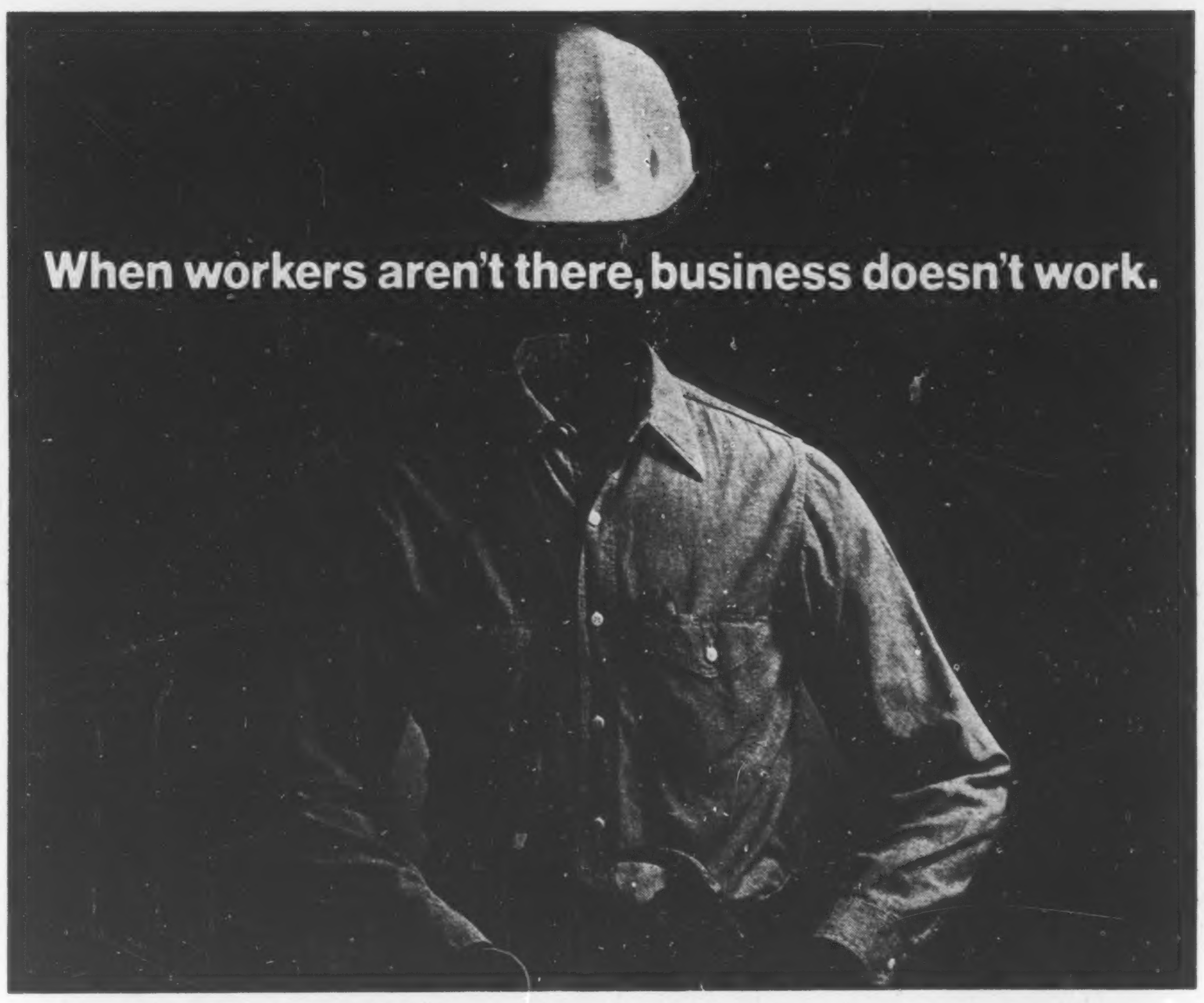
FULL NAME	COMPLETE MAILING ADDRESS
ESTATE OF ARNOLD D.FRIEDMAN ET AL	CARE OF J.ROGER FRIEDMAN LEBHAR-FRIEDMAN,INC. 425 PARK AVE.,NYC 10022

9. FOR COMPLETION BY NONPROFIT ORGANIZATIONS AUTHORIZED TO MAIL AT SPECIAL RATES *(Section 423.12 DMM only)*
— The purpose, function, and nonprofit status of this organization and the exempt status for Federal income tax purposes *(Check one)*

(1) ☐ HAS NOT CHANGED DURING PRECEDING 12 MONTHS
(2) ☐ HAS CHANGED DURING PRECEDING 12 MONTHS
(If changed, publisher must submit explanation of change with this statement.)

10. EXTENT AND NATURE OF CIRCULATION *(See instructions on reverse side)*	AVERAGE NO. COPIES EACH ISSUE DURING PRECEDING 12 MONTHS	ACTUAL NO. COPIES OF SINGLE ISSUE PUBLISHED NEAREST TO FILING DATE
A. TOTAL NO. COPIES *(Net Press Run)*	28,787	28,100
B. PAID AND/OR REQUESTED CIRCULATION 1. Sales through dealers and carriers, street vendors and counter sales	------	------
2. Mail Subscription *(Paid and/or requested)*	24,251	24,332
C. TOTAL PAID AND/OR REQUESTED CIRCULATION *(Sum of 10B1 and 10B2)*	24,251	24,332
D. FREE DISTRIBUTION BY MAIL, CARRIER OR OTHER MEANS SAMPLES, COMPLIMENTARY, AND OTHER FREE COPIES	2,277	2,169
E. TOTAL DISTRIBUTION *(Sum of C and D)*	26,510	26,501
F. COPIES NOT DISTRIBUTED 1. Office use, left over, unaccounted, spoiled after printing	2,277	1,599
2. Return from News Agents		
G. TOTAL *(Sum of E, F1 and 2 - should equal net press run shown in A)*	28,787	28,100

11. I certify that the statements made by me above are correct and complete
SIGNATURE AND TITLE OF EDITOR, PUBLISHER, BUSINESS MANAGER, OR OWNER


When workers aren't there, business doesn't work.

Each year cancer strikes 120,000 people in our work force, and causes our economy to lose more than $10 billion in earnings. Earnings that American workers might still be generating if they had known the simple facts on how to protect themselves from cancer.

Protect your employees, your company, and yourself…call your local unit of the American Cancer Society and ask for their free pamphlet, "Helping Your Employees to Protect Themselves Against Cancer." Start your company on a policy of good health today!

AMERICAN CANCER SOCIETY®

BEST AVAILABLE COPY

Children's Apparel

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Garanimals	24%	17%	21%	21%
Garan	10	15	9	14
Lee	10	14	18	—
Curity	6	3	14	28
Wrangler	10	14	12	6
Pampers	1	6	20	6
Health-Tex	5	2	15	15
Spencer	4	8	11	1
Levi's	—	5	7	6
Gerber	—	3	1	15

Source: DSN/Leo J. Shapiro & Associates

Lee
Garan
fitting rooms
Lee

Murphy's Mart highlighted two of the top five children's wear brands, Lee and Garan, in its prototype store outside Pittsburgh. Only 5% of those polled saw a rise in kid's wear brands this year. *(DSN photo)*

Children's

(Continued from page 59)

named by 8%.

In the regional breakout, Garanimals held its top position in 3 out of the 4 areas. In the West, Curity was mentioned most often—by 28% of the managers. Garanimals was named by 21% and both Gerber and Health-Tex were named by 15%. Garan was not far behind with mentions by 14%.

Surprisingly, No. 3, Lee, which got double digit mentions in every other region, was named by less than 1% of the managers in the West. The most frequent naming of Lee came in the North Central region, where 18% of the managers listed it as a top seller.

Different Emphasis

Wrangler was strongest in the South, where 14% called it a top seller in children's wear. Health-Tex got its best scores in the North Central states and in the West, with 15% of the managers in each area citing the brand. In the South, however, only 2% named Health-Tex.

Gerber was extremely strong in the West with 15% of the responses compared to less than 1% in the Northeast, 1% in the North Central and 3% in the South.

The breakout of results from four major chains showed that each one has its own story in children's wear. At K mart, for example, no managers named the top three brands. The top sellers at that chain included Pampers with 16%, Curity with 11% and Spencer with 8%.

At Wal-Mart, Garanimals is the top mover named by close to half—46%—of the managers polled. Garan, listed by 29% at the chain, was also impressive, according to the survey.

WHERE WILL YOUR BUSINESS COME FROM IN 1984?
CHAIN STORE GUIDE GIVES YOU THE ANSWERS!

This year marks our 50th anniversary as the nation's leading publisher of retail market information. For the past half-century, we've been in the business of researching and publishing the most comprehensive, accurate and up-to-date retail market directories available anywhere.

These Chain Store Guides will enable you to achieve hands-on control of your business by helping you identify lucrative potential accounts . . . increase sales . . . broaden your distribution . . . talk to the industry's key decision-makers . . . stay on top of market changes and merchandising trends . . . and cut selling costs. Here's how:

1. You can use the guides to pass along *new leads and prospects* to your sales team and familiarize your new people with the market.
2. Identify the *key decision-makers* your sales team should be calling on.
3. Compile or update *targeted direct-mail lists* aimed at a name, not a title.
4. *Qualify the respondents to your mailings* on the basis of company size, number of units, sales volume, geographical concentrations, etc.
5. Augment your sales program and sales services by using the guides as a *telemarketing tool* for your reps and support people.

Discount Stores
General Merchandise Variety Chains & Specialty Stores
Auto Aftermarket Suppliers
1934 1984

Complete selling information on 825 gm/variety chains operating 19,000 stores. Also included in four separate sections are 400 toy/hobby and craft chains, 675 gift/novelty chains, 1,000 stationery chains and 475 toy/hobby wholesalers.

Complete selling information on 344 discount store companies operating 7,918 stores. Also included are separate sections of 1,526 catalog showrooms, 1,762 sporting goods chains, 1,904 consumer electronics chains and 199 CE distributors.

Complete selling information on 1,606 automotive jobber/retailers operating 19,320 stores and 600 warehouse distributors.

Order your new Chain Store Guides today by using the coupon below.

Yes! Please send me the following Chain Store Guides:

Qty	Guide	Price
___	1984 Discount Stores & Catalog Showrooms	$155
___	1984 GM/Variety Chains & Specialty Stores	$145
___	1983/84 Auto Aftermarket Suppliers	$129

Name ______ Title ______
Company ______ Phone # (area code) ______
Address ______
City ______ State ______ Zip ______
Signature ______
Product Sold ______ Date ______
DSN111284

CHAIN STORE GUIDE
1934-1984
425 Park Ave
New York, NY 10022
(212) 371-9400
A subsidiary of Lebhar-Friedman Inc.

☐ Bill company (subject to credit approval)
☐ Check enclosed ☐ Send C.O.D.
☐ Please charge: ___American Express ___Visa ___Mastercard
A/C# ______
Expiration date ______

Please add applicable sales tax (N.Y./Calif.) and $3.00 shipping & handling per shipment. Prices subject to change.

High-Turning Candies, Snacks Take Lead

High-turning candies and snacks brands hold a firm lead as the nation's discounters' best-selling food brands.

Candies and snacks were named best sellers in 9 out of 10 instances by the store managers surveyed. The other leading food brand, Nabisco, was cited seventh most frequently.

The popularity of candies and snacks among store managers is evident by double digit tallies registered by 9 of the 10 named food brands. The food category at discounters is dominated by candies, chips, nuts, soft drinks and cookies and cracker brands, store managers said.

M&M, the No. 1 brand mentioned by 41% of store managers polled, received considerably higher top brand citations by upscalers, 50%, than by conventional chain managers, 39%. Another M&M brand, Mars, was mentioned third most often as a leading seller.

Hershey is the No. 2 brand in the survey, named by 35% of store managers polled. It achieved the second spot on the strength of conventional store manager mentions, 37%, compared with upscalers' 26% frequency of mention.

The popularity of Mars among upscale store managers, who cited the brand as a best seller 45% of the time, compared with 32% at conventional stores, earned it the third highest level of brand citations.

Planters, discounters' No. 4 brand at 29%, was the only brand among the top five to receive consistent mentions from both upscale and conventional full-liners.

Brach's, also at 29% among all full-line discounters, achieved its standing because of its much sharper popularity among conventional store managers, 34%, compared with an 8% level of mentions among upscalers.

Notably, upscalers provided the impetus for brands No. 6 through No. 9 of Frito-Lay, Nabisco, Pepsi and Coke, respectively. Frito-Lay, for instance, was cited by 40% of managers at upscale chains such as Target, while being named just 25% of the time by conventional discounters such as K mart,

(Continued on page 64)

Food, Candy, Snacks

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
M&M	41%	39%	50%
Hershey's	35	37	26
Mars	34	32	45
Planters	29	29	28
Brach's	29	34	8
Frito Lay	27	25	40
Nabisco	17	13	32
Pepsi	12	8	33
Coke	10	8	21
Whitman	9	12	—

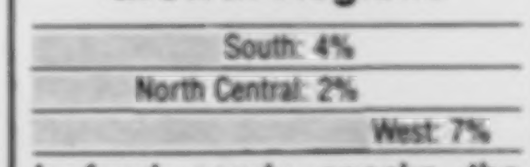
Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
M&M	45%	38%	50%	50%
Hershey's	28	28	29	19
Mars	32	22	39	44
Planters	20	14	46	31
Brach's	28	68	5	—

Source: DSN/Leo J. Shapiro & Associates

Growth Regions



In food, candy, snacks, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the West—7%.

Source: DSN/Leo J. Shapiro & Associates

Number three in a series.

A new product must earn its place at your checkout profit center.

In today's never-ending parade of new products, very few earn their place in your checkout merchandising program. To help you separate the winners from the losers, every new product should meet specific criteria you establish. Criteria much like the following:

Has it earned real new product status?
Too often, new products are merely "me too" products. Line extension sales-stealers. Not line expansion sales-makers. Know why a product is new and potentially profitable.

Has the supplier earned your support?
Will the manufacturer's program "love you and leave you" after the introductory allowance? A *total* support program is vitally important to making a new product successful.

Has it earned test market acceptance?
Test market results should reassure you regarding any new product's initial acceptance and repeat purchase potential with solid facts that affect your market.

Will it earn a strong R.O.I.I.?
Front end R.O.I.I. profitability depends on assessing the slow movers a new product will replace. Setting time frames for a new product to move quickly. And discontinuing those that don't.

New EXTRA™ from Wrigley earns its keep.
New EXTRA sugarfree gum with NutraSweet® is a whole new product, made a whole new way • Heavy, on-going advertising, extensive couponing, and broad sampling programs support new EXTRA • Extensive testing showed 2 out of 3 Trident® and Care*Free® gum chewers preferred EXTRA • 9 out of 10 sugarfree gum chewers will buy EXTRA again* • In test markets, EXTRA increased total market sales and earned a $12.01 R.O.I.I.

For profit-making details call toll-free: 1-800-835-3726. In Illinois, call 312-644-2121.

WRIGLEY
Up front with you

Extra
Extra
Extra
Extra
Extra
Extra
Extra

© 1984 Wm Wrigley Jr. Company.
*independent research source
®NutraSweet® is a registered trademark of G.D. Searle & Co.

Food, Candy, Snacks

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
M&M	34%	44%	48%	34%
Hershey's	52	35	34	20
Mars	20	31	42	41
Planters	37	29	21	35
Brach's	22	43	28	12
Frito Lay	28	33	24	24
Nabisco	11	20	23	7
Pepsi	6	10	17	13
Coke	6	8	8	20
Whitman	5	8	15	8

Source: DSN/Leo J. Shapiro & Associates

Chocolate candy brands, as shown at Caldor, Medford, Mass., copped four of the top five popularity spots among store managers polled. *(DSN photo)*

Food

(Continued from page 63)

Wal-Mart and Zayre.

Percentage differences between mentions at upscale and conventional chains for other brands were even more striking: Nabisco, named by 32% at upscalers compared with 13% at conventional stores; Pepsi, 33% vs. 8%; Coke, 21% compared with 8%.

Store manager mentions of the five leading brands varied widely by chain. For instance, twice the percentage of Target store managers cited Mars as a prime performer than did Wal-Mart managers, 44% vs. 22%. Even starker, 68% of Wal-Mart managers named Brach's compared with 5% of the Zayre managers.

Planters' strongest chain showing, 46% at Zayre, outstripped its 14% level of mentions at Wal-Mart.

The top two brands, M&M and Hershey, displayed the most consistency at leading full-liners, whose responses were broken out. M&M's level of mentions ranged from 38% at Wal-Mart to 50% at both Zayre and Target. Hershey's citations ranged from 19% at Target to 29% at Zayre.

The Other View

K mart store managers' responses were in the midranges compared to other chains for each of the five leading brands.

Discount store managers in all parts of the country except the Northeast cited an increase in the number of food brands sold during 1984. The greatest brand growth apparently took place in the West, where 7% of the store managers reported broadened brand assortments; 4% of managers in the South said the same, as did 2% in the North Central states.

Notably, the Northeast provided the highest regional levels of mention for Hershey and Planters. Hershey was identified by 52% of Northeastern store managers as a best seller, compared with just 20% in the West, 34% in the North Central region and 35% in the South.

Planters fared better in the Northeast, at 37%, than in the South.

Compared to its mentions by 41% of all full-line store managers, M&M was weak in the Northeast, where it was named a top brand by 34% of store managers. The top brands' highest level of mentions was in the North Central region, 48%.

The Mars brand also achieved its highest number of citations in the North Central states, 42%. That's more than double its level of mentions in the Northeast, 20%, and is slightly higher than its 31% level in the South and 41% in the West.

DON'T BUY
A SINGLE ROLL
WITHOUT A COMPLETE PROGRAM

Norwall provides Innovation and Leadership in Wallcoverings
Our position as the leaders of in-stock wallcovering programs has been earned from years of product and merchandising systems innovation.

Product Selection
Norwall Wallcoverings sell themselves. Designs are chosen from studios around the world, that are right for your market. The selection is continually monitored with our up-to-the-minute top sellers list, that reflects consumer trends.

Merchandising Displays
Whatever your merchandising requirements, Norwall has the display to meet your needs. We'll recommend one of our many proven concepts in permanent or disposable display fixtures, based on the best system for your stores.

Point-of-Sale Graphics
Everything the consumer needs to help themselves is incorporated into our display graphics, including comparison of substrate features, rollage chart and "how to" instructions.

Promotion and Advertising Support
Norwall will assist you in determining what, how and when to advertise and promote your wallcoverings department to your customers.

The complete Norwall Wallcoverings Program will generate profits for you!
For further information, contact:
Mr. Tony Horsley
Sales Director, Atlanta, Georgia
(404) 394-4573

Norwall Group

Stanley, Black & Decker Clearly Dominant

Hardware is clearly dominated by two brands, Stanley and Black & Decker, which were cited as leading sellers by nearly 2 out of 3 store managers nationwide.

General Electric ranked third and was mentioned as a top department performer by just 8% at full-line chains.

Glidden and Hirsh, in fourth- and fifth-place spots, were named as leading hardware brands by 6% of discount store managers polled.

Significantly, each of the top five brands represents a different hardware category—hand tools, power tools and work tables, electrical, paint and shelving.

Popularity of the top two brands far exceeds others in the department, but Black & Decker appears to have more consistent support among managers at all full-liners. Black & Decker was named as a best-seller by 64% of conventional discount store managers and 62% of upscalers. Stanley, on the other hand, was considered a top brand by 71% of managers at conventional discount stores and just 41% of upscale managers.

General Electric fared almost twice as well among managers at upscale chains, who listed it as a top brand 12% of the time compared with conventional store managers' 7% frequency of mention.

Even the top brand standings of Glidden and Hirsh, the next leading sellers, according to store managers polled, emanated largely from their strength at upscalers. Both were cited by 24% of upscale store managers, compared with respective 2% and 1% levels of mention among conventional discounters, the survey revealed.

That trend reversed for Skil and Lucite, brands No. 6 and No. 7, which were cited as leading sellers by considerably more conventional store managers than upscalers. Skil was named by 7% at conventional discounters and not at all at upscale chains. Lucite was cited as a top brand by 6% of managers at conventional full-liners, doubling its number of mentions from those at upscalers.

Great Neck, cited eighth

(Continued on page 68)

Hardware

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Stanley	65%	71%	41%
Black & Decker	64	64	62
General Electric	8	7	12
Glidden	6	2	24
Hirsh	6	1	24
Skil	5	7	—
Lucite	5	6	3
Great Neck	3	2	9
Genie	3	1	8
Red Devil	2	1	8

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Stanley	78%	62%	90%	32%
Black & Decker	77	73	63	58
General Electric	1	25	13	13
Glidden	2	—	—	28
Hirsh	1	—	2	28

Source: DSN/Leo J. Shapiro & Associates

Growth Regions

Northeast: 24%
South: 14%
North Central: 5%

In hardware, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the Northeast States—24%.

Source: DSN/Leo J. Shapiro & Associates

GET READY FOR GROWING READY-TO-USE SALES.

The ever-expanding line of ORTHO ready-to-use weed and insect sprays is sure to be a big hit with your customers in '85. We have products and new sizes...24-ounce, half-gallon and gallon...targeted to the growing market of gardeners who want proven results quickly and conveniently. How can they miss? Especially with the advertising and promotion support planned for 1985.

More Television! Once again ORTHO ready-to-use products will be featured on national television...with TV spots aired in major markets and timed to reach the right audience for each product. What better way to build high awareness throughout the high sales periods!

Sunday Inserts! Millions of valuable consumer rebates will again be delivered via free-standing inserts in Sunday newspapers all across the country—another great store traffic builder!

In-Store Rebates! On many products!

Point-of-Sale! Attention-getting new point-of-sale materials are yours for the asking—to broaden the merchandising effort and help keep sales climbing!

GET READY FOR THE NEW ORTHO DIAZINON $10,000 SWEEPSTAKES.

Coming up in spring of '85...The Only Game in Town Sweepstakes. You and your customers can both win valuable prizes such as cash...riding tractors...ORTHO Products...and lots more! And it all gets national support in Sunday inserts and point-of-sale display pieces.

ORTHO works wonders...for you *and* your customers.

Chevron
ORTHO
Chevron Chemical Company

ORTHO WORKS

ORTHO TRIGGERS
INSTANT
RESULTS!
ORTHO
Home Pest Insect Control
READY TO USE
ORTHO
Rose & Flower Insect Killer
ORTHO
Tomato & Vegetable Insect Killer
ORTHO
FLEA-B-GON
Flea & Tick Killer
ORTHO
ORTHO
ORTHO
KLEENUP
Grass & Weed Killer
READY TO USE
No mixing
Kills Weeds &
Grasses

Copyright © 1985 Chevron Chemical Company.
All rights reserved. Always follow label directions.

Hardware

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Stanley	77%	63%	65%	57%
Black & Decker	54	60	67	73
General Electric	4	12	8	7
Glidden	1	6	14	—
Hirsh	1	4	8	8
Skil	—	4	—	21
Lucite	6	9	4	—
Great Neck	—	5	6	—
Genie	4	1	1	6
Red Devil	—	2	5	—

Source: DSN/Leo J. Shapiro & Associates

Black & Decker
WORKMA
Benchtop Work Center &

Hardware's brand influx was three times as great this year at conventional discounters than upscalers, despite dominance of a few popular brands, said store managers polled. Shown is Caldor, Medford, Mass.
(DSN photo)

Hardware

(Continued from page 67)

most often as a best seller by discount store managers, was more than four times stronger at upscale than conventional discounters, the survey revealed. Genie and Red Devil, brands No. 9 and No. 10, were named top brands eight times more often at upscalers.

When store managers at four leading chains were asked to name their best-selling brands, Stanley and Black & Decker split the vote for the top. Stanley edged Black & Decker by one percentage point, 78% to 77%, at K mart. Stanley was cited as a top brand by 90% of Zayre store managers, who named Black & Decker just 63% of the time.

Figures Analyzed

Black & Decker fared better than Stanley among Wal-Mart managers, however, who cited Black & Decker 73% of the time compared with Stanley's 62% level of mention. Similarly, 58% of Target managers polled said Black & Decker was a leading brand, compared with 32% who named Stanley.

General Electric was the only other top brand in hardware to receive mentions at all four leading chains broken out in the survey. Its popularity swung widely, however, from 1% of K mart managers naming it as a leading brand up to 25% at Wal-Mart.

Glidden, cited as a best seller by 28% of Target store managers, was named by neither Wal-Mart nor Zayre. Hirsh similarly received no mentions at Wal-Mart.

Despite the apparent dominance of a handful of brands in hardware, discounters in most parts of the country appeared more willing to add more hardware brands in 1984 than in many other categories. Nearly one manager in four in the Northeast reported wider hardware brand assortments this year.

Sears Best
asy
absolute flat finish
patented adhesion additives
excellent hiding
fast drying

This is your toughest competition.

More than one out of four people go to Sears when they need paint. That's tough competition.

And that's why you need Glidden paint.

Of all the paints available to you, Glidden is the best selling. For good reason.

Consumers know the Glidden name better than any other paint you can stock. Research confirms it.*

More important, consumers have confidence in Glidden quality. And in our ability to develop products that meet their needs. Like Spred Satin,® the first latex paint. And now Endurance® oil stain, the stain that beats all the others for water repellency.

Outdoor Equipment Grabs the Spotlight

Sporting Goods

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Coleman	47%	42%	65%
Wilson	39	37	46
Spalding	30	29	38
Zebco	20	20	20
Remington	14	15	10
Igloo	13	13	12
Daiwa	11	12	6
Diversified	10	6	27
Garcia	10	8	20
MacGregor	9	12	—

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Coleman	23%	48%	46%	60%
Wilson	32	31	72	46
Spalding	22	25	24	39
Zebco	8	24	7	15
Remington	9	19	—	11

Source: DSN/Leo J. Shapiro & Associates

Discounters are basking in the great outdoors.

Six of the top 10 sporting goods brands are outdoor, recreational equipment for camping, fishing and hunting, and their popularity is most evident in the milder climate of the West.

No. 1 Coleman was named 47% of the time as a top brand, leading the outdoor segment, far and away. Although more frequently named by upscale discount store managers than those at conventional chains, 65% to 42%, the brand was clearly the leader out West.

Some 74% of Western store managers polled named Coleman as a top brand. Managers in the Northeast named the brand 50% of the time and its popularity waned to 37% in both the South and North Central regions.

Overall, 12% of store managers polled in the South, 11% of those in the North Central region and 4% of those in the Northeast reported brands were on the rise in their departments. No growth was seen by Western store managers, where most brands were strongest.

Location of Support

Six of the top seven sporting goods brands saw their greatest popularity in the Western region. Only No. 2, Wilson, had higher responses in the other three regions.

Wilson and No. 3, Spalding, both leaders in competitive sporting goods equipment, were named more often by upscale discounters than by conventional chains. Interestingly, 4 out of the top 5 brands were named more frequently by the upscaler segment. The exception is Remington, which was named by 15% of conventional store managers compared to only 10% of the upscalers.

On a chain-by-chain basis, however, these were some wide swings. Wilson, for example, although named by 46% of upscale store managers polled, saw a 72% response rate from Zayre store managers, compared to a 46% mention at upscaler Target. The brand was also named by 32% of K mart managers and 31% of Wal-Mart managers, which con-

(Continued on page 71)

Growth Regions

Northeast: 4%

South: 12%

North Central: 11%

In sporting goods, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the South—12%.

Source: DSN/Leo J. Shapiro & Associates

Glidden
spred

This is theirs.

Glidden dealers know, too, that no other paint company works harder to bring customers into their stores.

Especially this year. Nobody is spending more on national TV, dealer co-op and merchandising to promote its paints and dealers than Glidden.

Really, now, can you afford to be up against Sears and Glidden both this year?

Contact Bob Koch, Director of Marketing,
Glidden Coatings and Resins, 925 Euclid
Ave., Cleveland,
Ohio 44115.
(216) 344-8220.

*Based on Market Facts, Inc.

Glidden

We keep our promises in the can.

SCM GLIDDEN COATINGS & RESINS
SCM CORPORATION, CLEVELAND, OHIO 44115

Diversified Products, its Gympac 1000 seen here in Fred Meyer, Portland, was the only exercise equipment brand to crack the top 10 sporting goods list. *(DSN photo)*

Sporting Goods

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Coleman	50%	37%	37%	74%
Wilson	44	42	40	27
Spalding	36	19	32	41
Zebco	—	24	21	30
Remington	1	18	13	21
Igloo	4	8	9	34
Daiwa	4	11	7	21
Diversified	11	12	15	1
Garcia	7	12	8	14
McGregor	8	6	16	6

Source: DSN/Leo J. Shapiro & Associates

Sporting Goods

(Continued from page 69)

forms more closely to its 39% overall response.

Zebco, the leading fishing brand, and No. 4 overall, scored a consistent 20% mention across the board but saw vast regional differences.

Again, most frequently named by West region managers, 30%, its popularity declined to a 24% share in the South and a 21% mention in the North Central states to less than 1% recognition in the Northeast.

A similar regional performance held true for the No. 5 brand, Remington. West Coast store managers named the brand 21% of the time but its popularity diminished to just a 1% mention in the Northeast.

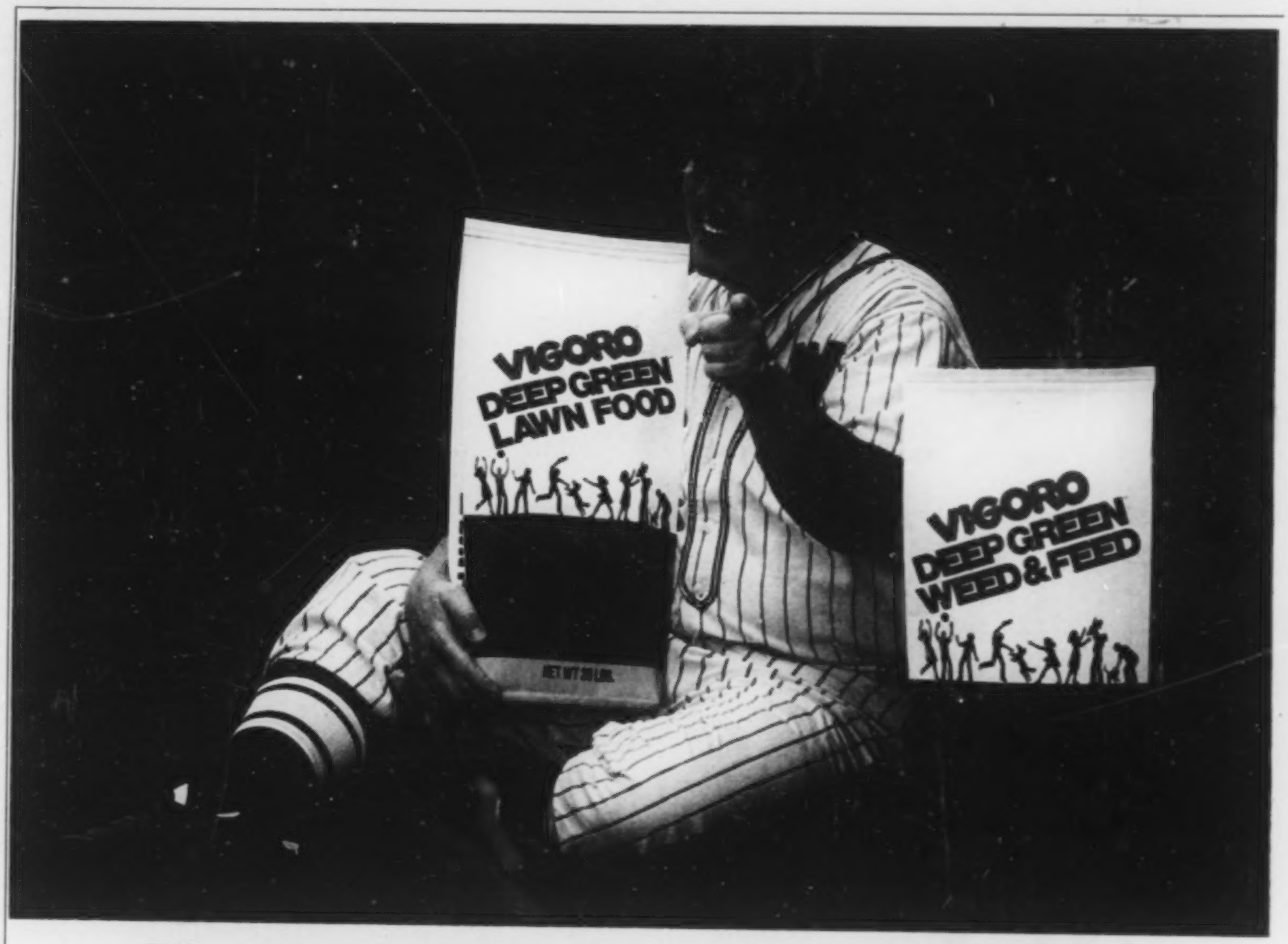
The Other View

The opposite phenomenon occurred in the case of Diversified Products (DP)—No. 8 overall, and the only exercise equipment brand making the top 10 listing.

Its strongest response was in the North Central area, where store managers named the brand 15% of the time. In the Northeast and South regions, it received an 11% and 12% response, but it totally dropped off in the West, where managers only named DP 1% of the time.

DP was also named by 27% of upscaler discounters compared with only a 6% response at conventional chains.

Rounding out the bottom tier, Igloo, No. 6; Daiwa, No. 7 and MacGregor, No. 10 were all named more often by conventional discounters. Only Garcia, No. 9, was stronger at the upscale level, named 20% of the time, compared to an 8% share at conventional chains.



The Vigoro Deep Green Team Wants You.

Meet the Vigoro Deep Green™ Team. New Deep Green Lawn Food and New Deep Green Weed and Feed. Destined to become the most competitive, winningest force in lawn care this season. Never before has Vigoro fielded such a strong, nationally distributed team. Here's how you can be part of it:

MEET THE MVP'S (MOST VALUABLE PROMOTIONS). Vigoro kicks off the season with the best, most exciting promotions in the field. In every bag of Deep Green Lawn Food there's a free bag of Vigoro Flower Food *and* a money-saving coupon to bring customers back again. And on Deep Green Weed and Feed, we'll be dropping Big Value $1.50 coupons in national magazines and Sunday supplements.

REVIEW THE TAPES FOR BIG LEAGUE EXCITEMENT. Vigoro is running its biggest television schedule ever. In your market. And nationally on ESPN. Plus a generous co-op plan lets you add to the schedule. Look for hard-hitting spots featuring "The Coaches" of the Deep Green Team. Yep, they're tough. But funny, too. And do they know grass!

CHECK OUT THE REST OF OUR ROSTER. Talk about depth. Backing up Deep Green is a whole line of Vigoro products tailor-made to your region. Plus, we make private label brands—always stellar performers. And of course there's Jack Nicklaus, corporate spokesman, and an asset to any team.

So there you have it. We've got the team. The coaches. And the promotional support to deliver the profits. Sign on now!

Call Vigoro TOLL-FREE 1-800-851-6109.
In Illinois, call collect 1-618-398-8190.
Or write: Estech, Inc.
One Southern Illinois Bank Building
Fairview Heights, IL 62208

VIGORO®

For the greenest season you've ever had.

3 Subcategories Score on Leaders' List

Stationery

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Mead	52%	43%	90%
Bic	29	31	23
Papermate	21	23	13
American Greetings	12	13	6
Parker	11	10	18
Scripto	7	7	4
Gibson Buzza	6	6	8
Pentel	6	5	8
Sheaffer	5	6	—
Ambassador	5	3	11

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Mead	15%	70%	22%	93%
Bic	15	59	34	24
Papermate	33	11	21	7
American Greetings	12	16	3	7
Parker	19	2	21	21

Source: DSN/Leo J. Shapiro & Associates

Three product categories are represented on the list of stationery brands tagged top sellers by discount store managers—filler paper, writing instruments and greeting cards.

Mead, a filler paper/notebook supplier, is clearly the stationery brand that was cited most often as a top seller by those polled. It is the only brand named by over half of all the store managers polled.

Among upscale chains only Mead was mentioned by an overwhelming majority (90%) of the store managers. At conventional chains, 43% of the managers named Mead a top seller.

The next three brands listed were named more often by managers at conventional discount stores than upscalers. Bic, the writing instrument brand named most often, was cited by 29% of all managers polled, with 31% at conventional chains naming Bic, while at the upscale chains 23% of the managers mentioned the brand.

Figures Analyzed

No. 3, Papermate, another writing instrument brand, had similar results when managers' responses were broken out, with 21% of the entire group naming the brand. However, it was stronger in conventional chains, where 23% named Papermate compared with 13% at upscale chains.

American Greetings, the greeting card brand that came up most, was also most popular among managers at conventional chains. Double the percentage—13% vs. 6%—of the managers at conventional chains cited American Greetings compared with those at upscale chains.

In contrast, the other two greting card brands listed on the top brands list were more popular among managers at upscale chains. In the case of Gibson Buzza the difference was only 2 percentage points—6% at conventional chains and 8% at upscale chains. But in the case of Ambassador, a division of Hallmark, the difference was much wider. Only 3% of managers polled at conventional chains named it a best seller, while 11% of those at upscale chains said Ambassador.

The fifth most often cited brand, Parker, was more highly recognized by managers at upscale discount chains; 18% of those polled at upscale chains tagged it a best seller compared with 10% at conventional chains.

For the remaining pen brands on the list, Scripto and Sheaffer both had more

(Continued on page 74)

Discover
Two New Profit Centers
From Arvin...

SHOP CART SC-50

Better Ways
To Cart It Around...
Arvin

Feature for feature, Arvin's two new carts mean great value for your customers. We planned them that way, thanks to strong consumer-based research. And you can cover the best in all markets with two models.

The attractive Arvin Patio Cart is perfect for cooking, entertaining and gardening. The versatile Arvin Shop Cart is ideal inside . . . outside . . . all around . . .

Give your customers a helping hand . . . Give yourself new profit centers with the Arvin Patio Cart and Arvin Shop Cart. For additional information, use the coupon or call Mark Ulrey, 812/378-1415.

Arvin
Consumer Housewares Division
Arvin Industries, Inc.

GET READY TO ROLL IN...ROLL OUT...AND RING UP THE PROFITS... MAIL TODAY.

Mail to: Arvin Consumer
Housewares Division
Attn: Mark Ulrey
Box 3002
Columbus, IN 47202

Name ______

Title ______

Company ______

Address ______

City ______ State ______ Zip ______

Telephone ( ) ______

Also send information on Arvin ☐ Heaters ☐ Wind Turbines

Stationery

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Mead	37%	46%	59%	64%
Bic	33	29	18	42
Papermate	19	15	20	34
American Greetings	8	13	10	15
Parker	13	7	21	1
Scripto	8	8	3	8
Gibson Buzza	3	3	6	15
Pentel	—	2	5	18
Shoaffer	10	3	7	1
Ambassador	3	6	7	—

Source: DSN/Leo J. Shapiro & Associates

FILE FOLDERS
4 clasp envelopes

In stationery, Mead was the brand cited most often. Although the name is associated with filler paper and notebooks, the brand is also seen in the Richway, Snellville, Ga., assortment of file folders.

Stationery

(Continued from page 72)

mentions from managers in the conventional chain sector. Pentel was named more often by those at upscale stores.

In the regional breakout, Mead remained the most often cited brand in all four areas of the nation. Bic was named more than the other pen brands in all except the North Central region where 18% of the managers named Bic and 20% named Papermate.

Among greeting card brands, American Greetings held its top position except in the West, where Gibson Buzza matched its citations from 15% of the store managers in the area.

Interest Differs

Notable discrepancies in stationery brands' popularity by regions show up in the remaining names on the list. Parker, for example, was most often named in the North Central with mentions from 21% of the managers. But, in the West the brand was cited by just 1% and in the South by 7%.

Scripto, which was named by 8% of the managers in three regions, won mentions by only 3% of those polled in the North Central part of the country.

The breakout of responses from managers at four major chains shows some differences from the overall results. At K mart, for example, Papermate was the stationery brand managers mentioned most often, followed by Parker and then Mead and Bic.

At Zayre, store managers named Bic most often and Mead second most often.

At Wal-Mart responses were more in line with the overall results except that American Greetings was named more often than Papermate.

Parker was named third most often at Target, beating out the Papermate brand.

SpaceControl
Consumer Electronic Accessories
AUDIO-VIDEO-TELEPHONE
Gemini Audio Stereo Sound Accessories
GEMINI
Cable VCR Hook-up Accessories
Video Cables Adapters & Connectors
Phone Aids Telephone Accessories
Audio Stereo
Cable VCR

GEMINI

Organize your space for greater sales volume.
Call GEMINI now toll-free 1-800-526-7452
the big name in consumer electronics accessories.

GEMINI INDUSTRIES, INC. 215 Entin Road Clifton, New Jersey 07014 1-201-471-9050

Handful of Brands Called Dominant

The domestics category is dominated by a handful of brands, according to store managers polled.

Only four brands in the category—Cannon, St. Mary's, J. P. Stevens and Pepperell/West Point—managed to win double digit percentages of managers' responses.

Overall, Cannon is most often mentioned as a top-selling domestics brand. In both segments of full-line discounting the brand was named as a top seller by more than half of those polled.

The No. 2 domestics brand, St. Mary's, is well entrenched in the conventional stores with mentions by 39% of the managers. Among those at upscale chains, however, the brand was named only 4% of the time.

The reverse was true for the No. 3 brand, J. P. Stevens. That label was strongest among upscale chains, the survey reveals. Mentions by 23% of the managers overall resulted from recognition by a whopping 62% of managers at upscale chains and by a much smaller 13% of the conventional chain managers.

More Winners

Fieldcrest came in as No. 5 by being named consistently—by 7% of managers at conventional chains and by 8% of those at upscale stores.

No. 6, Burlington, was also named by 7% of the managers in conventional chains. At upscale chains, however, the label's popularity dropped off—only 3% of managers at those stores listed the brand as a top seller.

Interestingly, the newest name in discounters' domestics assortments, Gloria Vanderbilt, made the list as No. 7, thanks to mentions by 5% of the managers polled.

Not only is that brand less than a year old within the category, it is also carried at relatively few chains. K mart, Venture, Clover, Hills, Bradlees and Caldor are involved to some extent with the Vanderbilt program. What's more, none of those chains have reportedly sold high volumes of the pricey line. However, Stevens did recently announce price

(Continued on page 77)

Domestics

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Cannon	56%	57%	54%
St. Mary's	24	29	4
J. P. Stevens	23	13	62
Pepperell/Lady Pepperell/West Point	12	12	11
Fieldcrest	7	7	8
Burlington	6	7	3
Gloria Vanderbilt	5	3	13
Santa Cruz	5	4	8
Kenney's	4	5	—
Springs	3	4	—

Source: DSN/Leo J. Shapiro & Associates

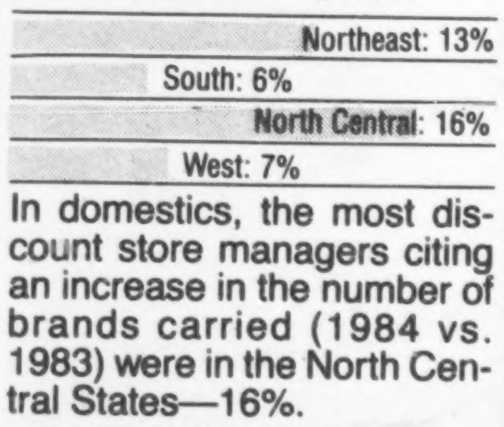
How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Cannon	76%	87%	32%	50%
St. Marys	19	25	32	3
J.P. Stevens	27	21	6	73
Pepperell/ Lady Pepperell/ West Point	19	25	3	13
Fieldcrest	14	—	7	1

Source: DSN/Leo J. Shapiro & Associates

AC Delco
Spark Plugs
Cap and Rotor Kit
Ignition Tune-Up Kit
Gas Filter
PCV Valve
Tune-Up Kit
Oil Filter

Growth Regions



In domestics, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the North Central States—16%.

Source: DSN/Leo J. Shapiro & Associates

If You Can Do It All . . .
Then Own It All!

Profit From Your Retail Experience,
Become A **Ben Franklin** Store Owner

Start with the franchise leader in the General Merchandise field. If you've got the drive, Ben Franklin has the concept and strength with over 1600 stores. Our success is based on giving you operating independence, full service programs, nationally branded merchandise, in-store support and training, financial guidance . . . and the commitment from a Fortune 500 organization. With each store designed to your specific commitment, you get the best of both worlds, entrepreneurial ownership and chain economies.

Call or Mail Coupon to:

National Director of Franchising
Ben Franklin
Division of Household Merchandising Inc.
1700 S. Wolf Road Des Plaines, Illinois 60018
(312) 824-0777

Ben Franklin
Better quality for less

For those who qualify and have at least $50,000 to invest . . .

Act now! Send for information on the growth and profit opportunities awaiting a Ben Franklin store owner and see how rewarding and exciting your future can be.

Name ________________
Company ________________
Address ________________
City ________________ State ________ Zip ________
Phone ________________

DSN-1184

furniture
SPECIAL BUY!
RUFFLED SATIN COMFORTERS
$19.94

Store managers indicate only a handful of brands dominates in domestics. But, 11% of those polled see the amount of brands rising, as chains like Murphy's Mart, Robinson Township, Pa., focus more on fashion. *(DSN photo)*

Domestics

(Continued from page 77)

tics; at Target 9% did, and at Wal-Mart 5% did.

Responses from managers at those chains also showed that Cannon has less dominance at Zayre and Target than it has at K mart and Wal-Mart. At Zayre, for instance, just as many managers—32%—named St. Mary's as named Cannon. The brand that got the third highest number of mentions at Zayre, Kenny, is not one of the top five at all. However, that No. 9 brand was named by 20% of the managers at Zayre as a top-selling brand.

At Target, more managers named No. 3 Stevens (73%) than named No. 1 Cannon (50%). The overall No. 4 brand, Pepperell/West Point, beat No. 2 St. Mary's at Target as well. Only 3% of the Target managers listed St. Mary's, while 13% named Pepperell/West Point.

Personal Care

(Continued from page 29)

well. For example, G.E. received its highest levels of mention at Wal-Mart, 65%, compared to its lowest, 21%, at Zayre. Conair scored 87% at K mart compared with 18% at Target; Clairol, 37% at Target and 16% at Zayre; Norelco, 55% at Target and 1% at K mart; Vidal Sassoon, 31% at Target and 1% at K mart.

Regional strengths in the top five brands were also revealed by the survey. For example, G.E. displayed more than twice the strength in the West as in the North Central States. Discount store managers in the West cited G.E. 65% of the time, compared with 30% of North Central managers. In the Northeast, 53% of managers polled identified G.E., as did 52% in the South.

Locations A Consideration

Conair registered its strongest following among North Central store managers, who cited the brand 50% of the time as a best seller. Norelco and Vidal Sassoon also received their heaviest citations in the North Central region, where Clairol, like G.E., was weakest.

In the other three regions of the country, Conair received consistent levels of mention: 41% in the Northeast; 43% each in the South and West.

The next brand, Clairol, swung more widely than that. Its level of citations in the West, 42%, nearly doubled its identifications in the North Central part of the country, 22%.

Norelco, on the other hand, was the second-leading brand behind Conair among North Central store managers, at 31%.

Fastext.
Fastprofit.

Introducing quick success. The new Fastext™-80 dot matrix printer from Smith-Corona. A high speed, high flexibility printer with a low, low, manufacturer's suggested retail price of $259

And your customers get a lot of dot for their dollar, too. Like a full graphics capability plus letter printing at speeds up to 80 CPS. It features bidirectional printing, a full line buffer, optional tractor feed and a choice of six different pitches including condensed and enlarged type, for impeccable characters in a variety of sizes.

Add all that output to the quality assurance your customers get from the Smith-Corona name and it's easy to see why Fastext-80 will get you fastprofit.

SMITH CORONA™

SMITH-CORONA FASTEXT 80

BEST AVAILABLE COPY

Presentations of Home Security, Men's Scents in Flux: Pp. 13, 19

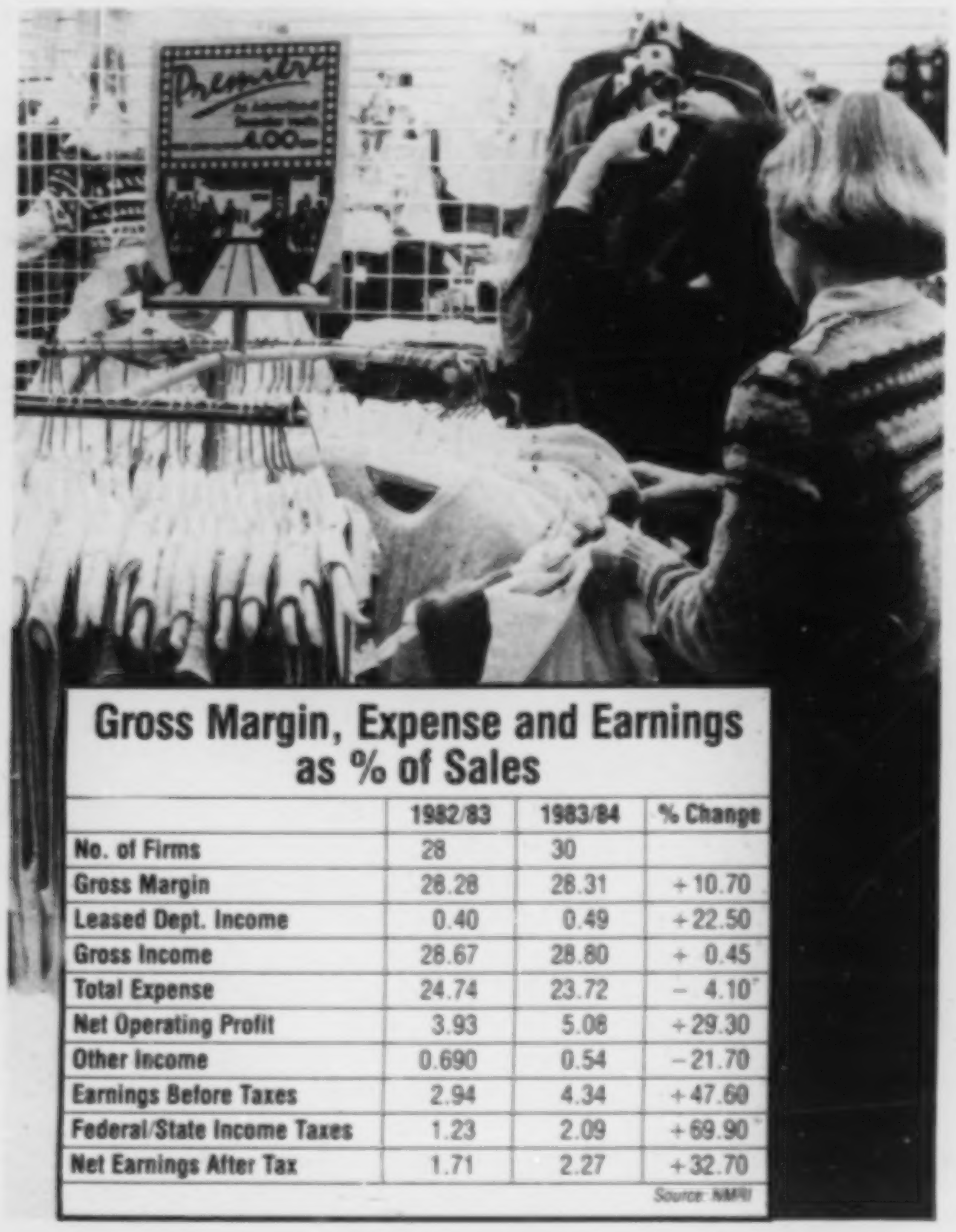
0007122 DEC84DS
CONGRESSIONAL SOURCE INFO
4520 EAST/WEST HIGHWAY EC
BETHESDA MD 20814

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

$2 per copy

VOL. 23, NO. 23 Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. NOVEMBER 26, 1984



Gross Margin, Expense and Earnings as % of Sales

	1982/83	1983/84	% Change
No. of Firms	28	30	
Gross Margin	28.28	28.31	+10.70
Leased Dept. Income	0.40	0.49	+22.50
Gross Income	28.67	28.80	+ 0.45
Total Expense	24.74	23.72	− 4.10
Net Operating Profit	3.93	5.08	+29.30
Other Income	0.690	0.54	−21.70
Earnings Before Taxes	2.94	4.34	+47.60
Federal/State Income Taxes	1.23	2.09	+69.90
Net Earnings After Tax	1.71	2.27	+32.70

Source: NMRI

Acquisition Wave Engulfs Chains; Some Public Firms Go Private

By ARTHUR MARKOWITZ

A wave of acquisitions and/or moves to take publicly held companies private has hit the retail industry.

Three companies have already been taken over and the possible acquisition and taking private of four others is the subject of recent 13D filings with the Securities and Exchange Commission. In addition, a deal involving a fifth retailer may be revived.

The reasons differ—and sometimes overlap—for the various deals and proposed takeovers, but any one of five factors seems to be the key:

- The founding family or major shareholders want to obtain cash for their stock as the initial step in diversifying their investments. This was behind Cole National, parent of Child World, going private, and Robert E. Strawbridge III currently looking to sell his interest in Strawbridge & Clothier, parent of Philadelphia-based Clover.
- The nonretailing assets of a company have great or greater potential than the firm's basic merchandising operation. This is behind New York real estate developer Sol Goldman's pending interest in J. W. Mays and was a factor in the discontinued talks between Alexander's and an informal alliance composed of the Bass family interests and real estate developer Interstate Properties. A few years ago, Interstate turned discounter Two Guys into a realty operation.

The Bass family/Interstate Properties group is still interested in arranging some deal with Alexander's and at presstime increased its total holdings in the retailer to 35.6% from 27.8%, by buying 400,000 shares for $9.4 million from members of the Farkas family, founders of Alexander's.

- Easing out dissident stockholders. Diversified Pay 'n Save, parent of Bi-Mart and

(Continued on page 28)

Discounter Net Tops In Last Fiscal Year

NEW YORK — Discounters cut operating expenses and rode the crest of a wave of reduced inflation and increased consumer spending to hit record levels of aftertax earnings last fiscal year.

These findings were highlighted in the National Mass Retailing Institute's (NMRI) annual study, "Operating Results of Self-Service Discount Department Stores, 1983-84." The study, conducted by Cornell University for the NMRI, was based on responses to an association questionnaire from 30 chains with aggregate sales of $17 billion from 2,892 stores.

Average aftertax earnings rose from 1.71% of sales in 1982-83 to 2.25% of sales in 1983-84. This was the highest average return on sales in the 17 years Cornell has been conducting the

(Continued on page 29)

Strong Holiday Biz Expected, However

Chain Yule Inventories Slightly High

Nationwide DSN Report

Discounters entered this Christmas period with seasonal inventories slightly over desired levels—the result of a post-election economic lull and warm fall weather that so far has caused soft winter apparel sales.

Although discounters polled by *DSN* generally expect Christmas sales to match or exceed last year's near record pace, they said it won't prevent them from adjusting chainwide order levels for an anticipated soft first quarter of 1985.

Meantime, they're banking on two extra sales days between Thanksgiving and Christmas to help accelerate store volume, particularly in toys, consumer electronics and sporting goods.

The classifications expected to drive those sales, however, may be changing.

At Gemco, for instance, vp and gmm-hard lines Maynard Jenkins anticipated a resurgence in preschool, models and rideon toys to augment the current popularity of Cabbage Patch, Gobots, Masters of the Universe and Trivial Pursuit.

Videocassette decks in the $300-$400 range, blank tapes and cabinets are expected to

(Continued on page 29)

IN BRIEF

- **COOK UNITED, IN A KEY MOVE TO RAISE FUNDS FOR** its Chapter 11 reorganization, next month will auction off 28 closed stores and, in a separate move, plans to sell four shut warehouses. The 53-unit discounter owns three of the stores and leases the other 25.
- **BEST PRODUCTS HAS FILLED ITS VACANT TOP FINANCIAL** position by naming Robert M. Quinn senior vice president and chief financial officer. Previously vp-financial planning and control at the A&P supermarket chain, Quinn succeeds Joel Koblentz, who left Best in mid-May.

New Best's Walls Reveal the Inside Story

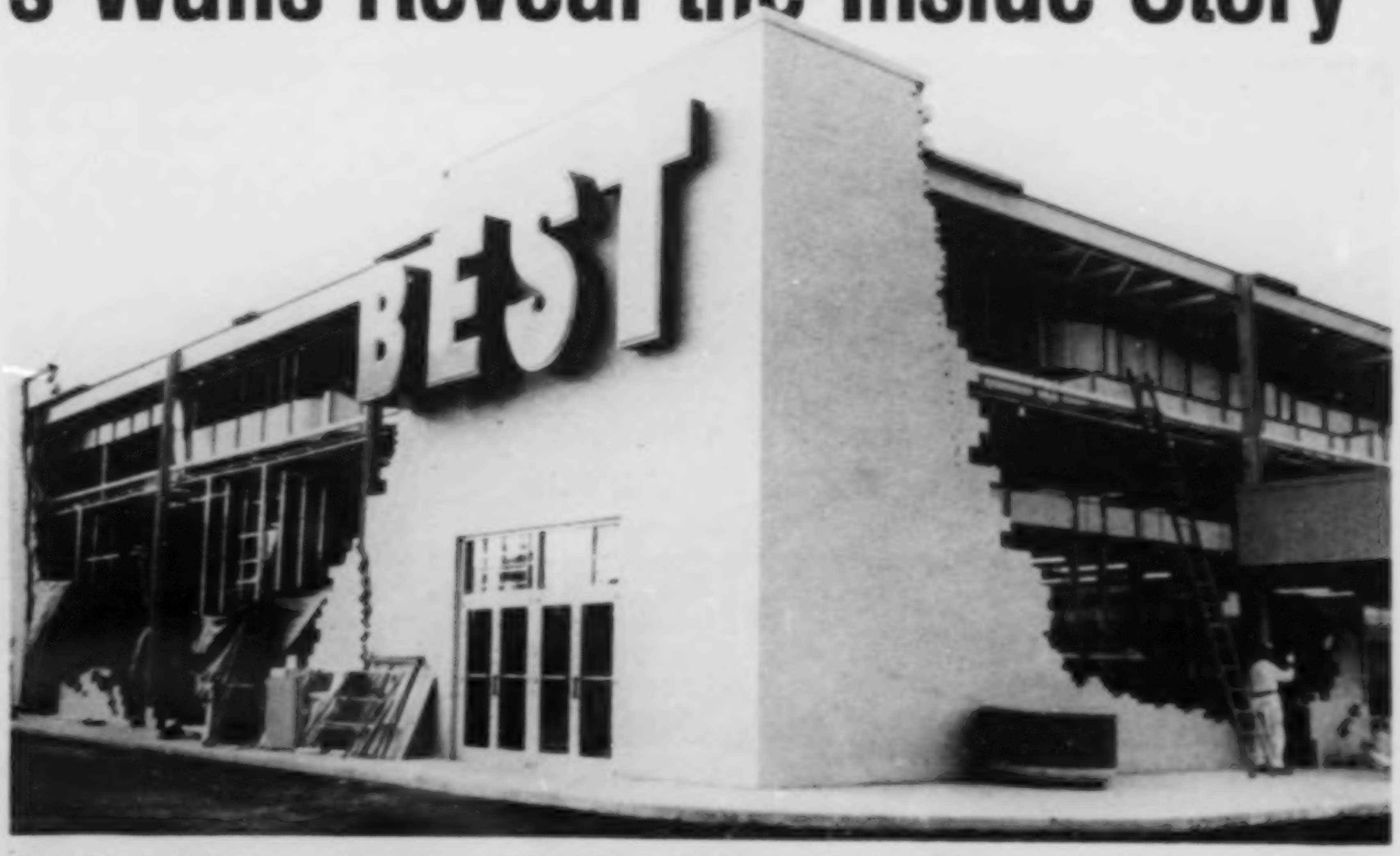
MILWAUKEE — Best Products has opened its latest architectural showroom project, the Inside/Outside Building.

The store is the chain's eighth to be built around a theme, and the seventh developed by SITE, an architecture firm.

The exterior walls have portions constructed of glass. Merchandise displays have been "ghosted" within the glass walls, so that the inside of the store seems to have been extended to the outside.

The displays, including the sample merchandise, within the exterior glass walls are painted a monochrome gray, but the continuation of these fixtures, and the samples, within the showroom proper, can actually be shopped by customers.

The building is one of two Bests opened earlier this month in Milwaukee.



Best Products' unique showroom on West Brown Bear Road, Milwaukee, has portions of the exterior wall built of clear glass, rather than brick, so shoppers can see the store's interior from the outside.

Digest

Nov. 26, 1984

CE

- **Circuit City is negotiating** to buy the leaseholds of at least 10 The Akron stores in the Los Angeles area. (p. 12)

H&BA

- **Chains are using various** display techniques to increase sales of men's fragrances. (p. 19)

Index

Apparel 11
Catalog Showroom News 8
Classified 25-28
Discounter Management Development Series 22
Editorial 6
Executive Changes 20
Hardware 13

Discounters' Aftertax Net in Last Fiscal Year Is Tops

(Continued from page 1)

study.

Average net operating profit rose to 5.08% of sales in 1983-84 from 3.93% in 1982-83.

The highest average net operating profit was reported by chains with volume over $750 million, totaling 6.55% of sales. Chains with sales between $250 million and $750 million had the lowest net operating profit, 1.98% of sales. Chains with sales below $250 million reported an average operating profit of 4.26%.

Upswing Noted

These gains made a noticeable change on chain balance sheets. Aftertax earnings rose to 17.24% of net worth in the 1983-84 period, up from 13.65% a year earlier. Aftertax earnings as a share of total assets rose from 5.18% in 1982-83 to 7.38% in 1983-84.

In addition, stock shortages in 1983-84 dropped 33% to 1.16% of sales; stock turns, in owned departments, edged up 3% to 3.49% of sales, and cumulative markup improved by 0.67 percentage points to 36.48% of original retails.

Gross margins for the period, for all respondents, were fairly close to the levels reported a year earlier: 28.31% in 1983-84 compared to 28.28% in 1982-83.

At large chains (those with volume in excess of $750 million) gross margins averaged 28.48% of sales in 1983-84; at midsized chains (volume between $250 million and $750 million) margins averaged 27.97%, and for small chains ($250 million or less) margins averaged 28.18%.

Further Consideration

Total expenses for all firms participating in the study totaled 23.72% of sales, compared with 24.74% a year earlier. It was the lowest expense ratio since 1978-79.

Expenses hit their highest point in the six-year period detailed in the study in 1980-81 when they rose to 26.03%.

Expenses dropped in the following areas: transportation costs, down 36.7% compared to the year-earlier period; field supervision, down 33.3%; store operating expense, down 9.6%; advertising/promotion, down 8.2%; buying/merchandising, down 3.4%, and warehousing, down 4.5%.

Read
CLASSIFIED ADS
in
Discount Store News

Per Cent of Total Sales

All Firms (30)	1982/83	1983/84	% Change
Average Sales Per Store (Millions)	$ 4.528	$ 6.044	+33.5
Average Sales/Sq. Ft. Selling Area	113.200	138.750	+22.6
Occupancy Costs/Sq. Ft. Selling Area	5.770	7.130	+23.6
Store Operating Expense	11.280	10.200	− 9.6
Leased Sales	2.640	2.910	+10.2
Occupancy Expense	5.470	5.530	+ 1.1
Field Supervision Expense	0.420	0.280	−33.3
Warehouse Expense	0.890	0.850	− 4.5
Transportation Expense	0.490	0.310	−36.7
Advertising/Promotion Expense	2.430	2.230	− 8.2
Accounting Expense	0.290	0.300	+ 3.3
Data Processing Expense	0.400	0.400	—
Employee Benefit Expense	1.960	2.320	+18.4
Buying/Merchandising Expense	0.580	0.560	− 3.4
Administrative/General Expense	0.980	1.020	+ 4.1
Cumulative Markup (Owned Depts.)[A]	35.810	36.480	+ 1.9
Stock Turns (Owned Depts.)[B]	3.380	3.490	+ 3.3
Stock Shortages (% of retail value)	1.730	1.160	−32.9
Total Sales/Total Assets	3.200	3.260	+ 1.9
Total Sales/Net Worth	8.430	7.610	− 9.7
Net Worth (% of Total Assets)	37.940	42.820	+12.9
Current Assets/Current Liabilities	2.180	1.930	−11.5
Net Earnings/% of Net Worth	13.650	17.240	+26.3
Net Earnings/% Total Assets	5.180	7.380	+42.5

[A] % of original retail. [B] Based on monthly inventories.

Source: NMRI

Expense Analysis

Expense	1982/83	1983/84
Payroll	12.06	11.41
Supplies	0.74	0.76
Communications	0.24	0.27
Travel	0.24	0.21
Services Purchased	0.58	0.60
Advertising	2.54	2.55
Taxes & Licenses	1.33	1.51
Utilities	1.26	1.17
Insurance	0.64	0.67
Property Rentals	1.82	1.92
Equipment Rentals	0.45	0.38
Depreciation & Amortization	0.94	1.01
Repair & Maintenance	0.65	0.65
Donations	0.02	0.02
Professional Services	0.12	0.10
Unclassified	1.54	1.18
Credits & Allowances	0.39	0.70
Total	24.78	23.70

Source: NMRI

Highlights of Expenses of Key Responsibility Centers

Responsibility Center	% of Sales* 1982/83	% of Sales* 1983/84
STORE OPERATIONS		
Total Expense:	11.28	10.20
Payroll	9.25	8.69
Supplies	0.59	0.58
Services Purchased	0.30	0.34
Travel	0.04	0.04
FIELD SUPERVISION		
Total Expense:	0.42	0.28
Payroll	0.29	0.23
Travel	0.50	0.04
Services Purchased	0.01	0.00
Unclassified	0.07	0.01
OCCUPANCY/STORES		
Total Expense:	5.10	5.14
Taxes & Licenses	0.42	0.48
Utilities	1.20	1.12
Depreciation/Amortization	0.82	0.83
Property Rentals	1.74	1.85
BUYING/MERCHANDISING		
Total Expense:	0.58	0.56
Payroll	0.48	0.46
Supplies	0.01	0.01
Communications	0.02	0.01
Travel	0.04	0.04
ADVERTISING/PROMOTION		
Total Expense:	2.43	2.23
Payroll	0.07	0.08
Supplies	0.01	0.01
Communications	0.02	0.01
Advertising	2.54	2.55
ACCOUNTING		
Total Expense:	0.29	0.30
Payroll	0.22	0.23
Supplies	0.01	0.01
Services Purchased	0.03	0.02
Communications	0.01	0.01
DATA PROCESSING		
Total Expense:	0.40	0.40
Payroll	0.17	0.19
Supplies	0.02	0.03
Equipment Rentals	0.11	0.13
Services Purchased	0.05	0.02
EMPLOYEE BENEFITS		
Total Expense:	1.96	2.32
Payroll	0.41	0.45
Taxes/Licenses	0.83	0.95
Insurance	0.45	0.53
Unclassified	0.26	0.39
WAREHOUSING		
Total Expense:	0.89	0.85
Payroll	0.78	0.68
Supplies	0.08	0.08
Services Purchased	0.03	0.05
Unclassified	0.05	0.06
TRANSPORTATION		
Total Expense:	0.49	0.34
Payroll	0.18	0.10
Equipment Rentals	0.21	0.11
Services Purchased	0.08	0.09
Travel	0.06	0.00
ADMINISTRATION/GENERAL		
Total Expense:	0.98	1.02
Payroll	0.42	0.48
Services Purchased	0.07	0.07
Taxes/Licenses	0.07	0.06
Professional Services	0.10	0.07

** Highlights of NMRI study of expenses for selected responsibility centers; number of firms answering each question varied by question and by year.*

Source: NMRI

Chain Inventories Slightly High For Christmas

(Continued from page 1)

share the electronics spotlight with home computers and microwave ovens.

In sporting goods, all sorts of exercise equipment from $6 jump ropes to $300 weight pulley sets are expected to continue to lead the category through Christmas, they added.

Discounters' same-store sales gains throughout 1984 didn't reflect real gains in unit movement, because lower inflation and wholesale costs contributed to lower average retails in some departments. For example, Service Merchandise reported third-quarter same-store sales gains of 2.6%, but its real unit increases probably exceeded 4%, according to one stock analyst.

Thus, some chains moderated their inventory investments for this Christmas rather than target for a fixed percentage gain.

ALCO found itself overstocked entering the summer because acquired Magic Mart stores, which are currently generating 70% of expected volumes, were underperforming, said vp-hard lines Dale Morris. The slight stock swell was reduced over the fall months, with no special actions, he explained.

Morris added ALCO inventories are on target now for anticipated 8%-10% same-store sales gains in the Christmas period, and a 12% pickup chainwide.

Ames, running at the rate of 9% same-store sales gains in the third quarter, expected to top that pace in the final fiscal period, largely on the strength of toy and CE volume, said president Gerald Kanter. Yet, Ames slowed "apparel and domestics buying plans, since August, to relieve the impact of continued hot weather," he added. "We're now a little longer in seasonal inventory than we'd like, but very close to overall plan."

Ames this summer eliminated its ROP and direct mail "action ads" for limited groups of stores, and placed all units solely on the chainwide circular program, Kanter said. "There's nothing in our company performance now to make us more promotional through year's end," he added.

K mart, which came off 12.4% same-store sales gain in the third quarter, projected a 10%-plus sales gain in the Christmas season, reported chairman Bernard M. Fauber.

He said that higher inventories of K mart's broadened and higher-priced merchandise contributed to a near tripling of borrowing costs last quarter.

Gemco also reworked some of its buying plans for Christmas and delayed orders of private label televisions and canceled orders of private label bicycles in the face of a sales slowdown.

Varied Display Strategies Are Used For Men's Fragrances

(Continued from page 19)

es—Edison Jewelers & Distributors—may double its men's toiletries section to about 8 ft. early in 1985 to add men's better fragrances for the first time, said buyer Bill Singleton.

Although discounters are experimenting more with men's fragrances, similar forays are not being made in the men's skin care category. Caldor's Hoffman said multistep treatments like those in department stores are too sophisticated.

Instead, chains are offering limited sku's in commodity-priced soothing aftershaves. Caldor is carrying Saxon's aftershave lotion and conditioner, although Hoffman said a lot of men view the moisturizing product as nonmasculine. The chain sells the product, available in regular or new Golden Musk, for $1.99 for a 4-oz. size.

Murphy's Mart also carries the regular Saxon scent, as well as a moisturizer from Afta and Old Spice, but the chain's H&BA buyer also believes it will take a lot of time before the category develops.

INDUSTRY INNOVATORS

10 Discounting Influentials: Pp. 15-56

0007122 DEC84DS
CONGRESSIONAL SOURCE INFO
4520 EAST/WEST HIGHWAY FS
BETHESDA MD 20814

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING
$2 per copy
VOL. 23, NO. 24
Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.
DECEMBER 10, 1984

Kitchen WARES

In its Hagerstown, Md., prototype, S. E. Nichols expects to raise housewares sales per square foot at least 20% in 1985 by stressing its fashion mix, brand names and clearer classifications.

Nichols to Spend $30M To Roll Out Prototype

HAGERSTOWN, Md. — S. E. Nichols will spend $30 million over the next three years to roll out chainwide its new prototype unveiled here last month, in an effort to strengthen soft lines sales, raise sales per square foot by nearly 40% and attract more young, affluent customers.

The 90,000-sq.-ft. store, opened Nov. 20 in a former Two Guys site, employs a startling new red-white-black-gray color scheme that will be Nichols' look into the 90's.

Calling this new look unique to the trade, chairman Manfred Brecker contended that "it could distinguish us even from upscalers who'd be unlikely to

(Continued on page 70)

Markdowns Increase as Chains Keep Up Strong Promo Stance

NEW YORK — While the economy has improved in the last 18 months, discounters and department stores didn't abandon the promotional positions they assumed to build sales in the recessionary 1980's.

This strong promotional stance resulted in higher markdowns along with higher turns last year in most merchandise categories, on both the soft and hard lines sides of the stores.

An analysis of 17 key merchandise categories revealed that discounters had higher markdowns in every single department, compared to markdowns incurred in the previous year.

Department stores fared only slightly better, taking higher markdowns in 12 of categories highlighted here. Women's dresses, intimate apparel, sleepwear and robes and toys suffered fewer markdowns than they did in 1982.

Stock turns for discounters were up in 12 of 17 categories; nine of 15 department store areas enjoyed improved turnover rates, compared to the year-earlier period.

These analyses were based on two recent trade association reports: The National Mass Retailing Institute's (NMRI) 1983-84 study of Operating Results of Self-Service Discount Department Stores, and the National Retail Merchants Association's (NRMA) Merchandising and Operating Results of 1983 study.

For discounters and department stores alike, consumer electronics suffered some of the greatest markdown increases during the period.

For discounters, markdowns on sight and sound and records and tapes, which totaled 8.48% and 3.09% of department sales, respectively, in the 1982-83 period, jumped to 11.89% and 7.68%, respectively, in 1983-84.

For department stores, consumer electronics markdowns went from 3.4% of department sales to 7.8% during 1983.

Stock turns for discounters were up in 12 of 17 categories.

On the soft lines side of the store for discounters, there was unilateral price erosion.

All men's, women's and children's wear categories, suffered higher markdowns last year. Only in handbags and women's accessories did discounters stem the markdowns in an apparel-related area; markdowns in this department totaled 12.75% of sales in 1983-84, compared to 13.03% a year earlier.

In shoes (not shown on the chart), markdowns for discounters were 60% higher in 1983-84, totaling 15.8% of department volume, vs. 9.7% in 1982-83.

In addition to consumer electronics, department stores took a more promotional position in sporting goods, losing an additional two percentage points of department sales, 19.5%, in 1983 as in 1982. This resulted in an eight-percentage-point drop in departmental gross margins, to 26.7% for the year, vs. 34.8% in the earlier 12-month period.

Toys, on the other hand, suffered less price-cutting, and picked up an additional 1.3 gross margin percentage points. Markdowns in this department ran to 12% of sales in 1983 compared to 13.5% a year earlier; gross margins totaled 36.9% compared to 35.6%.

The bottom line in both cases was more aggressive pricing and almost no change in the gross margin picture.

Discounters' overall gross margins rose only slightly, from 28.28% of sales in 1982-83 to 28.31% in 1983-84.

Gross margins as a percent of

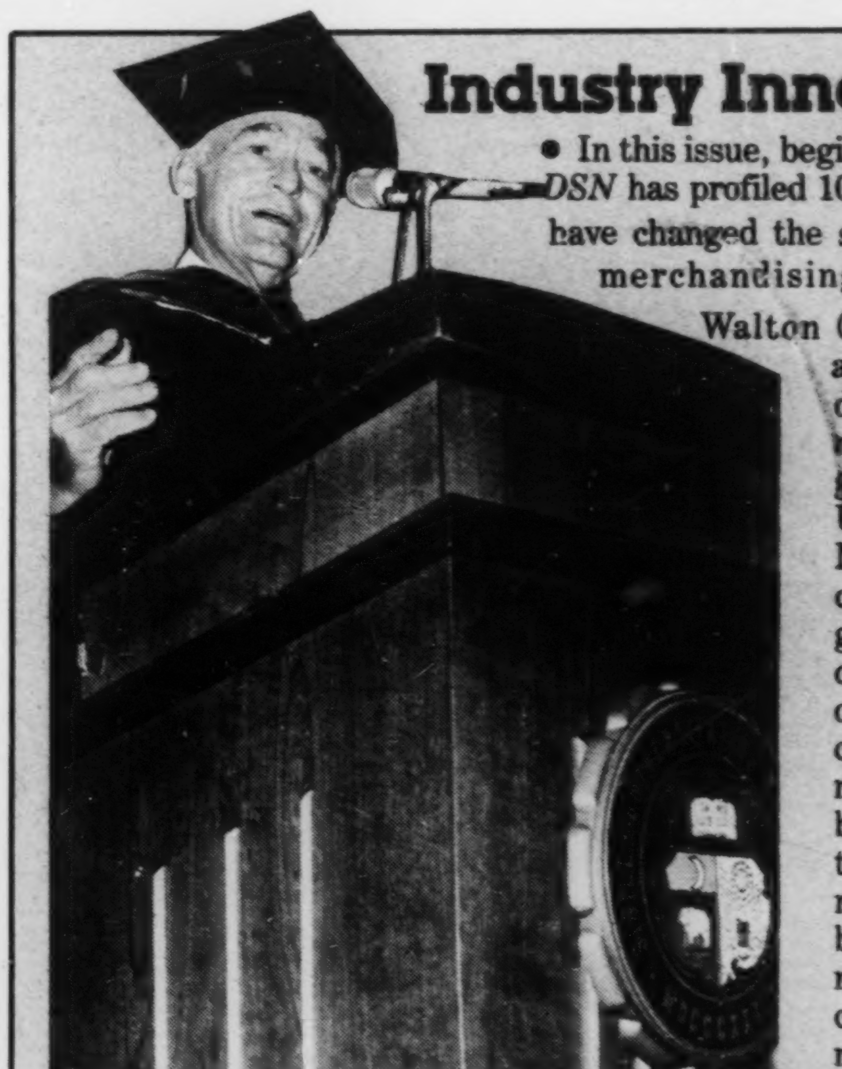
(Continued on page 69)

YOUTH ELECTRONICS

Electronics For Youngsters in the Spotlight

Electronics for preschoolers and young children, a hot holiday toy category, is spotlighted in Best Products, Culver City, Calif., on a gondola side adjacent to a showcase that features a broad mix of samples.

Industry Innovators



• In this issue, beginning on p. 15, *DSN* has profiled 10 retailers who have changed the shape of mass merchandising. Like Sam Walton (l., accepting an honorary doctor of humanities degree at the University of Missouri) they changed the generally accepted notions of mass merchandising, made an indelible mark on their companies and brought new retailing excitement to the marketplace.

IN BRIEF

• **BEST PRODUCTS ANTICIPATES A "SUBSTANTIAL"** drop in earnings for the fiscal year ending Feb. 2, 1985, to "probably less than half" the $37 million reported for the previous year. The reasons cited for this are "unsatisfactory inventory levels, continued high overhead and lower gross margins," along with the failure to "completely assimilate" the two-year-old acquisitions of Basco and Modern Merchandising.

• **K MART'S RECENTLY ACQUIRED WALDENBOOKS** has launched its anticipated entry into book discounting, Reader's Market. The pilot program debuted at presstime in five remodeled Waldenbooks sites in Manhasset, Cedarhurst, Mamaroneck and Port Chester, N.Y., and another in Norwalk, Conn. Discounts will range from 15% on new releases to 35% off on *The New York Times* best sellers.

Projecting 72 Bows Over 5 Years, Target Names Ulrich Prexy

MINNEAPOLIS — Robert J. Ulrich, 41, assumed the presidency of Target Stores this month, just as the nation's third largest discounter reaffirmed its commitment to growth by store expansion.

Setting plans for 72 new Target stores over the next five years, or about a one-third growth in units, parent Dayton Hudson Corp. will spend much of its $3.2 billion retail expansion program on the fast-growing discounter.

In this same period, Target also intends to hike spending on store remodelings, computer systems and distribution improvements.

Ulrich vacated a Dayton Hudson Department Stores presidency to take the post, which reports to chairman Bruce Allbright. "Ulrich will be the chief merchant at Target," with six marketing functions reporting to him, and free Allbright to "concentrate on strategic planning, his strong suit," a Target spokesman said.

Target, which has traditionally had two top executives heading it, was under Allbright alone since early 1984, when then chairman Floyd Hall left to go to Grand Union and Allbright was appointed chairman. The discounter tapped Ulrich this month when executive vp-marketing Michael Rouleau was named assistant to the president of Dayton Hudson. "Too many people were reporting directly to the ceo," a Target spokesman said.

The move to bring a department store executive into a key position at Target occurred only once before, when Kenneth Macke, now the parent's chairman, was named.

Development Anticipted

Over the next five years, Dayton Hudson also plans to expand its book discounting operations, including adding roughly 200 B. Daltons to its current count of 738, and about 100 Pickwicks to its current roster of 20, a spokesman said.

Also, Lechmere's eight stores are expected to grow to 11 in 1985 and 18 in 1986, including a probable move outside its New England markets. "Lechmere is posting the best year-to-date same store sales gains of any of our operating companies," the spokesman told *DSN*.

Shifts in Share of Retail Activity*
(by type of business)

	1983 3rd qtr.	1984 3rd qtr.	% Change '83-'84	1983 ytd	1984 ytd	% Change '83-'84
Total in Dollars (billions)	$154.1	$167.1		$442.5	$483.1	
	%	%		%	%	
DURABLE GOODS STORES						
Hardware/home center (building materials, hardware, garden supply, mobile home dealers)	10.2	11.2	+20.0	10.0	11.0	+19.9
Furniture, home furnishings and equipment stores	8.6	8.8	+10.6	8.4	8.7	+14.1
NONDURABLE GOODS STORES						
Food stores	43.3	41.6	+ 4.1	44.1	42.5	+ 5.1
Discount stores[1]	11.2	11.8	+14.4	11.5	11.6	+10.6
Apparel and accessory stores	8.9	8.8	+ 7.7	8.6	8.6	+10.0
Drug stores	6.2	6.2	+ 9.3	6.4	6.4	+ 9.6
Sears/Montgomery Ward/ J. C. Penney	6.2	6.1	+ 6.6	6.0	6.0	+ 8.9
Department stores[2]	5.5	5.4	+ 7.2	5.2	5.2	+10.1

**Department, discount and Sears/Montgomery Ward/J. C. Penney store sales were developed from Lebhar-Friedman sample data. All other sales information was provided by Department of Commerce reports. NOTE: Percentages may not add to 100% due to rounding. [1] Includes sales from full-line discount stores only. [2] Excludes full-line discount stores.*

Source: Lebhar-Friedman research.

3rd-Qtr. Sales: Discount Stores Outgain Old-line Dept. Stores

Nationwide DSN Report

Retail sales for the third quarter reached a record $167 billion, but the rate of gain for the comparable period edged down to only 8.4%, compared to the year-to-date gains of 9.2%.

These findings were revealed in the latest report from the Lebhar-Friedman Retail Sales Index. Lebhar-Friedman publishes *Discount Stores News* and other magazines and newspapers for the retail business.

Sales for these dominant retailers for the first nine months of the year (ended Oct. 30) totaled $483 billion.

Of the major retail sectors measured by the L-F Retail Sales Index, discount stores' sales outperformed department stores for the third quarter, reversing the pattern of the first half of the year. Sales gains of full line discount stores were 14.4% for the quarter; while department stores gained only 7.7% against the same period last year.

In share of all retail sales, discounters jumped to 11.8%, while department stores edged off to 5.5%.

Of the other nondurable stores sales, Sears, Wards and Penney's increased 6.6% for the quarter; drug stores increased by 9.3%, and food stores gained just 4.1%.

In the durable goods sector of retailing, home centers and hardware stores' sales gains were up sharply for the quarter with a 20% gain, while furniture stores showed a 14% gain for the period.

Hard Lines/Soft Home Post To Bodker in a Richway 'First'

ATLANTA — In an unusual move, Richway has tapped a soft lines executive, Ira Bodker, to be senior vp, gmm, for hard lines and soft home. He replaces Gary Ozaroff, who resigned.

Bodker took over the post last month after being Richway's senior vp, gmm, for soft lines since 1981.

To fill Bodker's vacated post, Richway promoted Andi Anderson Barnard to the senior vice presidential level. Barnard, a former vp, dmm, now reports to president Jackson Smailes along with Bodker.

This marks the first time Richway has placed hard lines and soft home responsibility under one merchandising executive, a company spokesman said.

Lionel Finally Expected to Be Free to Sell Its Stake in Dale

PHILADELPHIA — Later this month, Lionel is expected finally to be free to sell its 82% stake in Dale Electronics to the highest bidder.

A spokesman for the company said Lionel, the nation's fourth largest toy retailer, had reached an agreement to settle its drawn out battle with Dynamics Corporation of America over the sale of the electronic parts manufacturer. Terms of the settlement were not disclosed at this time. The sale of Dale has been the key element of Lionel's reorganization plan, first filed in February 1982.

Lionel's security holders have already approved a draft of the agreement, according to the spokesman, and unsecured creditors were expected to concur at presstime.

The agreement will conclude the fight between Lionel and DCA, which began last February when DCA offered its bid of $59.5 million for Dale. When subsequent higher bids were tendered, Lionel obtained bankruptcy court permission to entertain those offers.

DCA has contended its original agreement with Lionel should remain binding. The next hearing will be Dec. 18 in New York bankruptcy court.

If the agreement is accepted, Lionel will be permitted to entertain a bid of $82.6 million, made by Charterhouse Group International, a New York-

(Continued on page 70)

'It Happened This Month' Quiz

DECEMBER
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

Win $100 Every Month

A Pioneer and His Successor

Each month Discount Store News *awards $100 to one winner, selected randomly, from entrants answering a nostalgia question correctly. The question is based on a story that appeared in* DSN *that same month, one or more years ago.*

***December's Question:* One of the discount industry's top executives (l.) nine years ago this month announced plans to step down as chairman and chief executive officer of the second major discount store chain he helped to form, to be succeeded by that retailer's president and vice chairman (r.). The executive has since launched a warehouse club operation. The two discounters he helped found, both arms of conventional department store companies, are today among the industry's top 20 chains. Who is the executive, the discounter, and his successor, and what was the first chain the executive launched?**

It Happened This Month

Quiz 12

Answer: ____________
Name: ____________
Co./Store ____________
Address: ____________
____
Zip ____________

Prize: $100. One winner will be selected at random from all correct entries received. Rules: All entries must be submitted no later than two weeks after the issue date for each contest. (Correct answer is hidden in each issue the contest appears.)
Send to: Contest Editor, *Discount Store News*, 425 Park Ave., New York, N.Y. 10022.

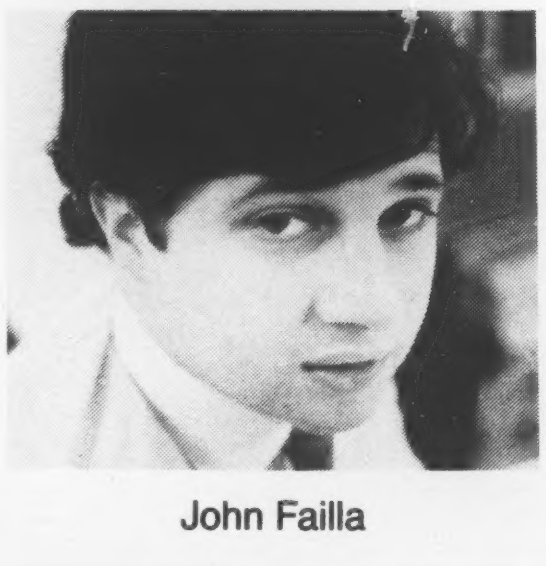
John Weckerly of Copps Corp., Stevens Point, Wis., was the winner of the November contest.

Discount Store News Appoints Failla National Sales Manager

NEW YORK — John Failla, eastern advertising manager for *Discount Store News*, has been promoted to national sales manager, according to Fred Filer, publisher.

Failla, 28, a native of New York City, has been with *DSN* since February 1982. Prior to that he was a unit manager for Procter & Gamble.

He holds a bachelor's degree in marketing from the University of Maryland.



John Failla

DISCOUNT STORE NEWS

(ISSN 0012-3587), is published biweekly—every other Monday except Sept. 17 through Oct. 29, when published every third week; monthly in December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rates: *Retailers*—one year, $12; three years, $30. Canada: one year, $13; three years, $33. *Wholesalers, manufacturers, schools, libraries and all others*—one year, $20; two years, $38; Canada: one year, $21; two years, $40. *Foreign subscriptions:* Airmail only, $100 per year. Single copy rate, $2, except annual census issue, $20.

Second-class circulation postage paid at New York, N.Y., and additional mailing offices.

Copyright© 1984 by Lebhar-Friedman Inc. All rights reserved.

Postmaster: please send address changes to Subscription Department, *Discount Store News*, 99 Park Ave., New York, N.Y. 10157. For change of address six weeks notice is requested. Give old and new address and zip code. If possible, enclose address portion from cover of previous issue.

Vol. 23, No. 24

Dec. 10, 1984

High-Tech Security Devices Get Bigger Play

NEW YORK — Mass merchandisers and other retailers are increasingly looking to high-tech security devices to help in their war against shoplifting and pilferage.

In a shrinkage and security survey of 176 mass merchandise, department and specialty stores, retailers also reported:

- a 2% decrease in employee theft;
- a slight rise in prosecution of shoplifters, and
- a sharp decline in polygraph testing for personnel screening.

Overall, the retail group polled increased its security expenditures 18% last year to $579.3 million, with more than one-fifth of those spendings going to electronic equipment such as point-of-sale registers and video monitoring, according to a study conducted for the National Mass Retailing Institute (NMRI) by Arthur Young and Co., New York.

Electronic devices helped account for an overall 10% decrease in shrinkage last year, according to the survey. For the group, shrinkage, as a percentage of sales, went from 2.1% in 1982 to 1.9% last year. However, retail dollar value of shrinkage rose from $2.06 billion in 1982 to $2.08 billion for the responding companies in 1983.

Errol M. Cook, chairman, national retail group at Arthur Young, said, as might be expected, that there is a natural correlation between the economic climate and shrinkage. He noted that shrinkage rises in recession periods and reverses when the economy picks up. The trend can be seen over the last six years, he added.

The study summarized responses from 176 retail organizations with more than 33,000 locations and sales of more than $109 billion. This study had the highest number of repeat responses in its six-year history, according to Cook, who also noted the data collected is only representative of the study and is not a nationally projectable sample.

According to the 1983 report, retailers have begun to improve their defenses against shoplifting because they believe the crime is not an impulsive act. A total of 56% of retailers polled felt that most shoplifting is premeditated, and over 75% believed that shoplifted items are for personal use rather than resale purposes. In fact, the three most often reported high shrinkage departments were apparel, jewelry, and health & beauty aids.

In response, retailers are counting on more sophisticated equipment to help cut their losses. Specifically, electronic tags including magnetic strips, soft goods tags and other electronic article surveillance devices were judged the most effective deterrents, by 60% of the respondents who utilize them. This reflects an 18% increase over last year.

Although deemed most effective, less than half, 46%, of the responding companies use the tags, primarily due to high costs. Their use is on the rise, however; in 1982, only 38% of retailers polled utilized the shrinkage device.

Mirrors, on the other hand, which were the most popular and least expensive deterrent, used by 79% of corresponding retailers, were rated "the most effective device" by only 2% .

"During the holiday shopping season consumers probably will see more electronic tags on garments, more video monitoring and more cables transmitting to alarm systems on expensive clothing, electronic products and sporting goods," said Cook.

The use of visible TV monitors was also on the rise as one

(Continued on page 70)

Devices Used To Control Shrinkage		Devices Judged To Be Most Effective	
Mirrors	79%	Electronic Tags	60%
Limited Access Areas	74	Guards	17
Lock and Chain Devices	68	POS Tech.	15
Guards	68	Observation Booths	13
POS Tech.	59	Visible TV Monitors	13
Observation Booths	49	Fitting Room Attend.	11
Electronic Tags	46	Limited Access Areas	10
Visible TV Monitors	42	Concealed TV Monitors	8
Concealed TV Monitors	39	Lock and Chain Devices	8
Fitting Room Attendants	38	Mirrors	2

Source: Arthur Young/NMRI Sixth Annual Study of Security and Shrinkage

GRAND OPENING!
HOW WAREHOUSE
TRUCKLOAD SAVINGS
Mr. HOW WAREHOUSE

Catering to the 'Masses'

Barebones mass displays are typical of Mr. HOW Warehouse stores like the one opened last month in Columbus, Ohio, by the warehouse home center chain's parent, cataloger Service Merchandise.

(DSN photo)

Circuit City to Pay Akron $5.4M For 17 Stores

RICHMOND — Circuit City Stores is due to pay The Akron $5,400,000 for the leasehold interests on 17 of its 20 southern California stores at presstime.

Thirteen of these units will be converted to Circuit City Superstores beginning in mid-1985. The remaining four, including two in San Diego, will be sublet.

At the same time, Circuit City will attempt to hasten the termination of its agreement with Los Angeles-based Zodys, with which it currently leases 38 consumer electronics and appliance departments, Circuit City president Richard Sharp said.

The Akron sites, which average 25,000 sq. ft. compared with the 30,000- to 40,000-sq.-ft. Circuit City East Coast Superstores, are the first phase of a planned 20-store Los Angeles market penetration, Sharp added.

In addition to the 13-store base Circuit City plans to establish with The Akron purchases, the consumer electronics and appliance specialty chain is currently seeking five other locations for its Superstores in the Greater Los Angeles Area, Sharp said. An additional 20 Circuit City and Circuit City Superstores are slated to open in the next two years on the East Coast.

The attractive terms of the leases, which have a total minimum annual rental cost of $1,270,000, were "the reason we paid $5.4 million for the leasehold rights," Sharp said. Those rates will be increased, however, because of the leases' store volume escalation clauses, which he would not project.

The time remaining on the leases ranges from 10 to 31 years, with a variety of renewal options, he added.

To finance this expansion, Circuit City has filed an offering plan to issue 930,000 additional shares of stock, at $24 a share. Proceeds of only 875,000 shares, however, will go to the company. The remaining 55,000 shares are being put on the market by Edward Villanueva, a Circuit City director and the company's vice president-treasurer.

The deal is subject to obtaining the consent of each The Akron store landlord. Thus, the two chains have an alternative arrangement, under which Circuit City has the right to acquire, and The Akron has the right to require Circuit City to purchase, all The Akron stock at the same $5.4 million cost, according to the stock prospectus.

If this alternative is chosen, The Akron would, before the stock transfer, be stripped of all assets and liabilities other than the unassigned leases and relat-

(Continued on page 69)

Negotiations Reportedly Under Way

Service Mdse. to Get Philly Cataloger?

NASHVILLE — Service Merchandise was reportedly negotiating, at presstime, the acquisition of a Philadelphia-based cataloger as a key part of its entry into the greater Philadelphia-Wilmington, Del., market.

That proposed move comes as the company, maintaining a torrid expansion pace that has seen it open showrooms in more states than any other cataloger, completed the acquisition of four Towers units in Delaware and Maryland from discounter Gaylords. The cataloger now has showrooms in 34 states.

Gaylords, the last discounter to run a showroom chain, sold Towers, which has had mixed bottom-line results, for an undisclosed amount so it could focus its efforts on its primary 32-store discount business.

Service Merchandise is due to put its logo on the Towers in Dover and Wilmington, Del., and Frederick and Salisbury, Md., early in December.

The acquisition helps to position Service Merchandise, the second largest cataloger in sales, for its assault on the Greater Philadelphia-Wilmington Area planned for 1985. The cataloger had already targeted a showroom for suburban Turnersville, N.J., to be opened in March 1985.

The move into Wilmington through the Towers acquisition and the proposed acquisition of a Philadelphia-based cataloger heightens Service Merchandise's growing same-market competition with Best Products.

Best, the nation's largest cataloger in volume, has a showroom in Wilmington a few miles from Service Merchandise's new unit.

Additionally, Philadelphia is a key market for Best, which has about 20 units there. Best's stores include a half dozen former Basco showrooms plus units the Richmond, Va.-based chain opened in that market prior to its acquisition of Basco.

Service Merchandise's move into Delaware and Maryland means it now has showrooms in every state east of the Mississippi River except for Virginia, Best's home market.

As for Service Merchandise's planned Turnersville showroom, it will be adjacent to another company operation, a Mr. HOW Warehouse home center that opened in that community last month. It was one of two Mr. HOW Warehouse stores that debuted in the Philadelphia area, the other being located in Langhorne, Pa.

The Turnersville showroom and the four Towers are all in the 30,000-sq.-ft. to 40,000-sq.-ft. range. Service Merchandise has been opening these mini-

(Continued on page 70)

Goldstein, Wilson, Williams Are Named To NACSM's Board of Directors

NEW YORK — The National Association of Catalog/Showroom Merchandisers has elected three industry executives to fill vacancies on its 16-member board of directors.

The association has also reduced the price of tickets to its annual banquet by $50 to $150 per person.

As for the board vacancies, Michael Goldstein, head of Jewelcor Merchandising, was elected as a new coordinator member to succeed Don Moore. Moore, who had been head of Jewelcor Merchandising, resigned when he was named to lead parent Jewelcor Inc.'s printing division.

Huey J. Wilson, president of H. J. Wilson, became a new publicly held firm member to replace Tracy Mandart, who resigned when he left H. J. Wilson earlier this year.

Mack Williams, president of Imperial Distributors was elected as a new at-large member. He succeeds Bernard Cohen who left the board when he moved from the presidency of Consumers Distributing (U.S.) to become executive vice president of Best Products and head of its retail group.

NACSM's rules provide that a cataloger can have only one executive on the association's board. Linwood Lacy, Best's senior vp-marketing, is the board's chairman.

NACSM's annual banquet will be held March 24, 1985, at the Ambassador West Hotel in Chicago.

INDUSTRY INNOVATORS

Bernard M. Fauber
K mart

Sam Walton
Wal-Mart

Charles Lazarus
Toys "R" Us

John Kilmartin
Mervyn's

Harold Frank
Bradlees

Sol Price
The Price Club

Bernard Marcus
Home Depot

Arthur Frankel
Pic 'n Save

Robert M. Haft
Crown Books

Phil Wilber
Drug Emporium

They all had a vision, and the drive, determination and tenacity to succeed. Phil Wilber, founder of Drug Emporium, says, "We succeed because we never, never, never, never, never give up." The same could be said of all 10 of these retailers, and more. They share a single-mindedness of purpose and an uncanny feel for what the customer wants. This has produced some of the most wildly successful retail companies the country has ever seen—and a host of imitators. Together they influence some $30 billion in consumer spending; individually, their ideas about mass merchandising have changed forever the shape of the American marketplace.

'Think Differently'—Fauber's Message For K mart

TROY, Mich. — Think differently.

The message started appearing on the walls and desks of K mart executives after Bernard Fauber, 62, became chairman four years ago.

Fauber himself is already doing that, working to replace two bedrock company operating principles—growth by unit expansion and unswerving price leadership—with two for the 80's: improved return on assets and diversification.

To redirect the company, he's taken on an even more herculean task—to change the attitude of the company's 288,000 employees. Don't dwell on what we've done right in the past has become something of a company slogan.

There's plenty of evidence—on both a large and small scale—that he's completely serious about overhauling the corporate culture.

Since becoming chairman, corporate store expansion plans have been slashed from as many as 200 stores a year to 21 in 1984; for the first time in the company's history, dozens of poor-performing sites have been closed; "shop" concepts and a heavy emphasis on brand names have been introduced; a computerized electronic ordering system that improved instocks and cut replenishment time by 50% has been installed.

Where the company had only a few subsidiary names in its corporate lexicon, since 1980 it's been greatly expanded to include Waldenbooks, Designer Depot, Garment Rack, Accents, Astra, Super Jupe and most recently Builders Square as well as the more tenured Jupiter stores, Furr's Cafeterias and Bishop Buffets.

Plans Aired

By 1990, company officials have said, these new ventures could generate as much as 25% of corporate revenues, up from less than 5% in 1980. By 1988, chain projections call for K mart to reach the $25 billion mark. Sales, for the most recently completed fiscal year, totaled $18.6 billion.

In fact, results to date have been strong enough to allow Fauber to redraw his targets. Last year sales reflected an 11% chainwide square increase and an 88% rise in net earnings. Earnings per square foot topped $4, more than doubling the 1981 level of $1.90.

The goal for return on assets in 1988 was raised from 7.8% set last year to 9%. This reflects the big jump in the percentage from 3.9% in 1982 to 6.7% in 1983.

Equally as important, under Fauber's direction, K mart has gained a new sense of purpose that has revitalized management. Top management's search for and receptivity to new merchandising ideas have stirred buyers' creativity, company insiders report.

While not everyone has thrived under the new direction—only two of the company's top 10 executives in 1979 continue in their posts today, and some store managers bitterly refer to the corporate plane bearing brass from Troy as the "grim reaper"—headquarters staffers depict Fauber as a convincing presenter of ideas, decisive, a strong motivator and profoundly bright about what makes K mart tick. They also note that his willingness to experiment and commit capital to new ventures, like $90 million to acquire Home Centers of America, has energized K mart all the way to the district management level.

Colleagues and employees agree Fauber's manner is lowkey, unchanged since he assumed the chairman's role. He attends merchandising meetings regularly, eats in the company cafeteria and stops for impromptu conversations in the hallway.

"He's respectful; I've never felt him flashing his chairman of the board badge, even when people voice a dissenting opinion," one senior executive noted.

Wall Street, too, has been impressed, and not just by the numbers. "He recognizes limitations and gets more mileage by introducing change slowly and steadily," noted Stuart Robbins, a retail stock analyst with Donaldson, Lufkin & Jenrette.

When it comes to his agenda for strengthening the company, however, it is generally acknowledged that "he's a tough guy to oppose." "A killer," in the words of another topsider.

There is much top-level support for the new agenda, however. A subscriber to K mart's longstanding philosophy and practice of hiring from within, Fauber has assembled an executive suite team that includes many of the executives who worked with him on the West Coast, and who were responsible for taking that division from 20 stores in 1966 to 350 by 1977: Samuel Leftwich, 57, president; Larry Parkin, 50, chairman and ceo, K mart Apparel, and Frederick M. Stevens, 48, executive vp, specialty retailing.

While some critics suggest that Fauber hasn't made the best possible choice in every case, and that it could ultimately cost the chain some of the productivity gains it is striving for, others suggest that the teamwork among the players more than compensates for any individuals' shortcomings.

(Continued on page 18)

K mart's Profit Turnaround Began in '82

Fiscal Year	Sales (billions)	Net Earnings (millions)	Return on Assets	Total K mart Stores
1978	$11.7	$344	7.7%	1,496
1979	12.7	358	7.4	1,688
1980	14.2	261	4.6	1,885
1981	16.5	220	3.6	2,055
1982	16.8	262	3.9	2,117
1983	18.6	492	6.7	2,160
1984*	14.2*	295*	—	2,165

*Nine months

Source: K mart annual reports

Bernard M. Fauber

hth
pace
sticks
pace
small tablets
GRANULAR
100 lbs
pace
giant tablets

HTH® and Pace®
bring in the pool crowd...
...and that brings in profits.

It's no wonder. Because HTH® and Pace® brand pool care products attract the customers you want—affluent home-owning shoppers with money to spend.

HTH and Pace are the number one selling and best-known pool care product lines in America. They are supported by the most aggressive national consumer advertising and promotions in the industry, including a nationwide 800 consumer pool care information number.

And, when you stock HTH and Pace, Olin offers generous co-op advertising and merchandising allowances that help make your profits even bigger.

For information or to arrange a presentation, please call Tom Crowe, Corporate Accounts Manager, Olin Consumer Products, (203) 356-2337.

Olin

HTH and Pace.
They bring in the profits.

HTH® and Pace® are registered trademarks of Olin Corporation.

Fauber Isn't Afraid to Delegate

Chairman Bernard Fauber's agenda to diversify K mart's future included his spearheading this fall's acquisition of Builders Square warehouse home centers. *(DSN photo)*

(Continued from page 17)

As Carl Gerstacker, the retired Dow Chemical chairman and K mart board member noted: "If a decision became glaring and hurtful to the company, Ben would take care of it."

K mart today is far more productive than when Fauber inherited it in 1980.

Throughout the 70's, K mart relied on its vast managerial pool, real estate savvy and financial muscle to mass produce as many as 200 cookie-cutter stores a year, and to generate industry-pacesetting 20%-plus annual sales gains almost without interruption.

By 1980, the pace had been slowed by a combination of forces including a recessionary economy and double-digit inflation. While chainwide sales rose 11.6% in 1980, most of that came from 173 new stores; earnings plunged 27.2% that year. Turns collapsed to below four in 1980, down from a mid-70's peak of eight.

Within weeks in office, Fauber set out to improve existing store productivity by introducing more name brands in apparel and re-examining the chain's home improvement centers. These were part of his plan to develop new departments that could quickly impact profits, particularly in major market stores. Changes were implemented to help K mart raise average transaction size and recapture market share being lost to more fashion-forward specialty discounters and regional upscalers.

New Moves

Also in 1980, Fauber launched a new K mart prototype marked by a race track aisle, better use of cubic space, improved adjacencies and department store fixturing.

Fauber also broke with the past when he began sending K mart merchandisers into the field to visit and meet with people at other chains—mass merchants, specialists and full-line discounters—to glean ideas. At the time, shoppers regarded K mart as a price leader but poor quality merchant. The freer-spending family customers were buying mostly staples at K mart, and Fauber wanted them to shop more departments while in the stores.

For the first time in recent years, Fauber also hired an outside merchandising consultant, Steven Herman, in order to "force buyers to think differently about their assortments and displays," said a former K mart merchandiser who has left to participate in another chain's turnaround.

The outside force was needed, he contended, because as late as 1982, Herman still heard "a lot of 'We're K mart, we don't have to change.' That attitude had to be defeated."

"Fauber and [executive vp, merchandising and subsidiaries Norman] Milley, 60, locked their minds in the open position, and had the guts to swallow changes. They played with six different gondola heights, 8-ft.-high wall treatments and shop concepts, and divorced themselves from K mart's obsession with price," Herman said, describing the process which saw the chain launch six key departmental prototypes that will be placed in virtually every K mart store by 1987.

"They gritted their teeth and did it. They knew the ultimate test would be consumer reactions," Herman added.

To help implement these changes, Fauber created five new field manager posts: regional merchandise coordinators who report to a vp at Troy.

Setup Is Refined

Fauber also set out to improve communications between the merchandising and financial staffs. His aim: get buyers to better understand the broader meaning of their buying decisions, like the dollar impact of improving turns by a quarter of a per cent or carrying less inventory, a financial executive told *DSN*.

He also set precedent by closing eight laggard K marts and 66 Kresge and Jupiter stores in 1982. Fauber also directed the elimination of 361 automotive service departments that year, and another 17 K marts in 1983.

"Fauber put K mart's ego on the line with that. He was the first courageous enough to say that K mart needed change, that we weren't doing everything right," said the former K mart merchandiser.

He's also not afraid to delegate. After spending $90 million this year to buy Home Centers of America (now Builders Square), he turned it over to founder, and now chain president, Frank Denny. "He reviewed two years of my five-year financial plan, and told me: 'That's your road map, go do it,'" Denny said, adding that Fauber felt he could better take their pulse by visiting stores.

Fauber will delegate only after he's comfortable with a decision; Fauber was heavily involved in the acquisition effort, knew the company well and then was able to let go a bit, explained several top K mart executives.

Similarly, he was deeply involved with K mart's remerchandising. He and Milley met together, often and for months, before he loosened his hold, said an executive involved in the ef-

(Continued on page 68)

MILLIONS OF PEOPLE ARE CARRYING SHARP AUDIO PRODUCTS. ARE YOU?

Last year, Sharp audio smashed all existing sales records.

And it's not hard to see why. Sharp has a genius for incorporating the very latest technological innovations into portable stereos that not only sound and look great, but are also exceptional values.

For instance, the QT-77 is a stereo Multi-Band cassette recorder with High-Speed Dubbing, Double Cassette capability and many other sophisticated features. It's even available in four fashionable colors, including today's most sought-after color, black.

Sharp's QT-50 stereo AM/FM cassette recorder combines looks and technology in a unique, pastel-hued clamshell design.

The JC-77 ranks among the world's smallest FM/AM Auto-Reverse personal portables. Yet it has such sophisticated features as a graphic equalizer and Dolby.®

Sharp also offers the "A" series, an outstanding line of portable stereos with detachable speakers.

To say nothing of our complete lines of compact disc players, midi-components, compact stereos, matched rack systems and tape decks that offer today's finest values in state-of-the-art performance.

All of which helps to explain why Sharp's sales have risen so dramatically.

So carry Sharp. Or a lot of your customers just might carry their business elsewhere.

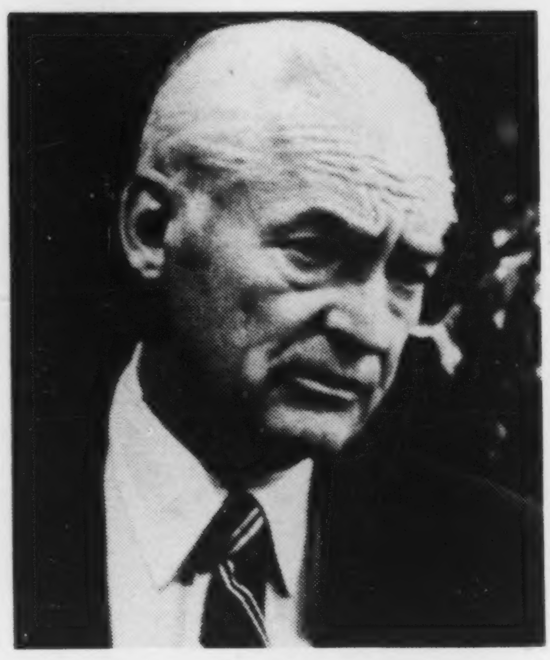
SHARP

FROM SHARP MINDS
COME SHARP PRODUCTS

A/V EQUIPMENT, AUDIO, BANKING SYSTEMS, CALCULATORS, CASH REGISTERS, COMPUTERS, COPIERS, ELECTRONIC TYPEWRITERS, FACSIMILE EQUIPMENT, MICROWAVE OVENS, PROFESSIONAL VIDEO CAMERAS & MONITORS, TELEVISIONS, VIDEO TAPE RECORDERS.

© Sharp Electronics Corp., 10 Sharp Plaza, Paramus, N.J. 07652 (201) 265-5600

Walton Again Faces Problem of Picking a Successor



> "I started out with one store and it did well, so it was a challenge to see if I could do more."
>
> —*Sam Walton*

BENTONVILLE, Ark. — After building Wal-Mart from a 16,000-sq.-ft. store in the nearby small Ozark Mountain community of Rogers into a $6 billion-plus discounter in less than two dozen years, Sam Walton, three months shy of his 67th birthday, faces the challenge of picking a successor to guard the crown jewels.

The 758-store company (747 Wal-Marts and 11 Sam's Wholesale clubs) is at the heart of a business empire—Walton Enterprises Inc.—that this year put Walton in the No. 2 spot on the *Forbes Magazine* Four Hundred list of richest men in America, worth $2.15 billion.

In powering Wal-Mart into the fourth largest retailer in volume in the nation, Walton brought discounting, which started out in big-city and suburban markets, into rural communities in the Midwest and South. Wal-Mart has served as a model for such former variety store companies as Duckwall and Danner's in revamping their businesses into more successful discount store chains.

The original Rogers store, which was launched with a $75,000 investment in October 1962 and had about $262,000 in sales in its first year, was the outgrowth of a Ben Franklin variety store franchise begun 15 years earlier by Sam Walton, his wife, Helen, and his brother, James L. (Bud) Walton. But Sam Walton is the recognized and acknowledged father of the dynamic Wal-Mart business by dint of his retail acumen, charisma and personal drive.

One former executive succinctly summed it up: "The truth is that Sam Walton flatout calls the shots, regardless of anyone else's authority."

This bare fact has long triggered speculation on who could or would succeed Walton, who has successfully battled hairy cell leukemia, a rare disease for the past two-and-a-half years.

Even 10 years ago, in 1975, the company was already a hot discounter, with over 100 stores and $236.2 million in sales. Looming as a do-able vision in Walton's plans for the company: $1 billion in volume by the end of the decade.

Perhaps Walton's first try to open the way for a successor came that year, when he stepped aside as board chairman and chief executive officer in favor of Ronald Mayer, who was promoted from president. But, two years later, Walton, who was officially listed as chairman, executive committee, returned to his former posts to again directly command Wal-Mart as Mayer left the discounter to head up troubled Ayr-Way (which was eventually acquired by Target).

In another try, Walton in November 1979 took a leave of absence—assertedly to show Wall Street and others that Wal-Mart could run without him—leaving the company in the hands of president and chief operating officer, Jack Shewmaker. But Walton was back within four months; his son, S. Robson Walton, then a senior vice president and company counsel, acknowledged "he's been around most of the time."

Knowledgeable trade observers feel the succession question was answered six months ago when Walton, in an unusual yet typically striking move, swapped the job responsibilities and titles of Shewmaker and David Glass, then vice chairman and chief financial officer. Glass took over as president and coo and gave up his previous posts to Shewmaker.

Walton's search for a successor outside of his immediate family is typical of the situation of almost all retailing dynasties; with some notable exceptions such as the case of Sol Price and his son, Robert, members of founders' families have sought to make their mark in enterprises other than retailing.

In many ways Glass is seen as being similar to Walton, trade observers noted. Glass's quiet but strong personality, his great influence in Wal-Mart's operations, particularly financial, and his merchandising experience as general manager of his family-owned Crank Drug (a company that was later acquired by another retailer) are akin to Walton's drive and career.

Another Consideration

One source cited an intangible factor as the reason "Sam feels confident that Glass can do the job: Glass is more visionary. Sam is looking for a born motivator, a leader and someone who looks to the future, and Glass better fits this profile."

Walton himself is a unique combination of the visionary and the practical, traits that mark his entire retailing career.

In 1945, after serving in the U.S. Army, he and his brother purchased a Ben Franklin franchise in Newport, Ark. Five years later, when the lease on that store was lost, he moved to Bentonville in northwest Arkansas. He felt the area, and similar rural communities, would grow and offer his small, limited-capital company a better opportunity than major cities that were attracting the big and highly financed retailers.

In one of his rare press interviews a few years ago in the Little Rock, Ark., *Gazette*, he recalled that "I didn't sit down one day and decide that I was going to put a bunch of discount department stores in small towns and set a goal to have a billion-dollar company someday.

"I started out with one store and it did well, so it was a challenge to see if I could do well with a few more. When we did well with them, we opened a few more. We're still going, and we'll keep going as long as we're successful."

Noting he "was doing all right with the one store," he said, "I could have been satisfied with that, made a good living and had a lot more free time."

But, one store wasn't enough.

Walton's own insight into why is simple: "Some people are

(Continued on page 24)

GOOD THINGS FOR TRAVEL THAT COME IN SMALL PACKAGES*

FRANZUS MICRO SERIES

*That's the direction we've taken for an exciting new group of in-demand, fast selling dual voltage (110V/220V) travel products. FRANZUS' exclusive micro-circuitry and sophisticated technologies have enabled us to micro-design these full service products with the same quality, reliability and contemporary appearance which have made FRANZUS the leader in the travel field.

FRANZUS
352 PARK AVENUE SOUTH
NEW YORK, N.Y. 10010

Franzus gives you travel and convenience products that sell...12 months a year!

Walton: Success Due to Making Employees 'Partners'

(Continued from page 22)

just driven toward challenges, to be as successful as they can be. I don't know what makes some people that way while others aren't, but did you even stop to think what our country would be if some people weren't like that? That's what our country is all about—opportunity and hard work."

He touched on that vision—and much more—when he accepted an honorary Doctor of Laws degree this past May from his alma mater, the University of Missouri-Columbia.

"I guess I couldn't have gone to the University had it not been for my family making the sacrifices at that time like many of yours have, to get you through school and do the things for us."

Wal-Mart's success, he said "is a simple approach, in my opinion, that will help all of you and our greater country to sustain our free enterprise, capitalistic system. We've got to involve our employees, we've got to communicate with our employees, we've got to make partners out of them day by day and do it in a meaningful way. And it works.

"It's a matter of sharing these profits with them to a greater degree . . . If you can be an entrepreneur, if you can start a business of your own, there will be untold opportunities day after day in all of your fields. That's tremendous. But if you employ people, make partners of them, communicate with them, let them know day after day that they're important and whether they measure and reach their goals or whether they don't, praise them. And, of course, reprimand them when you need to."

The honorary degree isn't the only honor Walton has received.

In Bentonville itself, last year U.S. Highway 71 Bypass was designated Walton Boulevard; the junior high school was named Sam. M. Walton Junior High School, and the new local children's center was named the Helen R. Walton Children's Center to honor his wife who played a major role in its development.

The renaming took place at a Sam and Helen Walton Appreciation Day.

Walton's emphasis on communicating with his employees reflects his experience in the early 1940's when he served a short time as a management trainee at J. C. Penney and was "profoundly influenced" by that firm's efforts.

By the early 1960's, Walton's retailing business was so successful that it was among the nation's leading Ben Franklin operators.

But he saw major changes ahead in retailing, with variety stores losing more and more business to the up-and-coming discount industry. That trend was directly brought home to Walton as the Gibson franchise discount store chain opened a store in Fayetteville, Ark., where Walton had a Ben Franklin.

He tried to interest Ben Franklin executives in Chicago, that company's headquarters, in going into discounting, but they weren't interested. So he started his own discount store.

When he got into discounting, Walton made it his business to learn from the best and most successful companies like K mart, along with hiring away the best people to help him run Wal-Mart—moves that still upset competitors.

Along with this, he was always ready to use his own retailing knowledge—his seat-of-the-pants practical experience—to adjust and change to be a better, sharper discounter than his competitors.

One source noted that Walton, during Wal-Mart's early days, closely examined K mart, using the discounter's mix as a model, and learning how to buy direct for the best possible prices, rather than relying on wholesalers as was the case with Ben Franklin's buying.

Experienced managers who knew how to operate the larger-size Wal-Marts were hired from other retailers to run the new discount chain's first few units. To get the best from the managers, he gave them percentage deals based on their store's profits.

When Walton sees something new, he makes his views known. A few years ago, when wide-mouth insulation bottles first came on the scene, he saw the product in a market before it was offered to Wal-Mart.

When a Wal-Mart supplier didn't have the item, he told the salesman the discounter would have to get it from another manufacturer because it would become a good item.

Sharing profits and involving employees were factors that enabled Wal-Mart to be favorably cited in such books as *The 100 Best Companies to Work for in America* and *In Search of Excellence*.

While Wal-Mart's low wage rates and small Christmas bonus for part-time employees received poor grades, its stock-purchase and profit-sharing programs scored high in *The 100 Best Companies*.

In Search of Excellence noted that "Walton, quite simply, cares about his employees. In fact, all his managers, at his insistence, wear buttons that say, 'We Care About Our People.'"

In return for the profit-sharing and stock-purchase programs, Walton drives his company employees as hard as he drives himself, including holding regular management meetings starting at 7:30 a.m. on Saturday. The stores aren't exempt from his close scrutiny: he visits them regularly using the company's plane to reach anywhere within the 22 states where there are Wal-Marts.

As one executive said a few years ago: "You either love the Walton style or hate it; there's nothing in between."

The Wal-Mart $ucce$$ $tory

Year[a]	Sales (millions)	Net Income (millions)	No. of Stores
1971	$ 44.3	$ 1.7	25
1975	236.2	6.4	100
1980	1,248.2	41.2	276
1981	1,643.2	55.7	330
1982	2,445.0	82.8	491
1983	3,376.3	124.1	551
1984	4,667.0	196.2	642
1985[b]	4,326.9	161.4	733[c]

[a] Fiscal year ends Jan. 31. [b] Nine months ended Oct. 31. [c] Includes 726 Wal-Marts and seven Sam's Wholesale.
Source: Annual reports.

EVERY KIND OF

maxell
maxell
maxell
maxell
maxell
maxell
120
750
SPECIAL OFFER
SPECIAL OFFER

Selling our Maxell line is virtually static free.

For starters, we won't tie you up with long hours of negotiations. Nor are there any hidden gimmicks to suddenly surprise you. Our promotions and point of-purchase materials are easy to order and effective. And one of our salesmen will be happy to show you how to use them to your best advantage.

While there's no red tape in dealing with Maxell, there is video

Kilmartin's Dream—to Go National—Becoming Reality

HAYWARD, Calif. — Two years ago John F. Kilmartin dubbed 1984 "the pivotal year" for Mervyn's, the specialty soft lines and home fashion chain he chairs.

That would be the year Mervyn's would become a two-divisional retail operation with a second merchandising staff set up in Dallas to run the chain's growing number of south central stores.

It would be the year, Kilmartin, known as Jack, would see his 19-year mission at Mervyn's approach fruition. We, along with other longtime Mervyn's family members and its six-year parent Dayton Hudson, would test their shared conviction that Mervyn's can work as a national chain.

John F. Kilmartin, chairman and ceo of Mervyn's, has led the six-year Dayton Hudson division through the transition from a regional retailer to a fast-growing, potentially national specialty operation.

Mervyn's Volume, Profits, Store Count Keep Increasing

Year	Sales (millions)	Operating profits (millions)	Store Count	No. of States	Highlights
1978	$ 479.5	$ 44.5	51	4	Merged with Dayton Hudson in May. Entered Arizona and New Mexico. (Was already in California and Nevada.)
1979	655.9	68.6	60	5	Kilmartin named chairman. Entered Oregon with 4 in Portland.
1980	826.9	76.3	69	6	Entered Utah with 4 in Salt Lake City.
1981	1,062.3	119.6	80	8	Entered Washington (Vancouver) and Texas (El Paso).
1982	1,335.8	152.3	92	8	Entered Tucson and Yuma, Ariz., and Amarillo, Tex.
1983	1,688.9	184.5	109	9	Entered Colorado with 1 in Grand Junction; added 5 in Dallas, 2 in Austin. Opened Plano, Tex., division.
1984*	1,386.4		126	9	Opened 8 in Houston, 3 in Seattle.

*9 mos. (February-October)

Source: DSN *research.*

The questions to be answered: Could Kilmartin successfully clone the customer-driven corporate culture he had fostered since 1966 when the chain had three stores and which kept the California merchandising staff tightly in-sync with its shoppers' wants? Could that Texas-based staff, headed by other Mervyn's veterans, adapt to new ethnic shoppers and demographic considerations?

Earlier this year Kilmartin announced the verdict at Dayton Hudson's annual meeting: Results from the Texas stores and the division which spun off in December of '83 "confirm our belief that Mervyn's format is transportable."

Between 1985 and 1989 Dayton Hudson will fund 142 more Mervyn's stores, accelerating the chain's growth to an average of 28 openings a year. Already operating 126 units with volume edging toward $2 billion for this year, Mervyn's will next year push into New Orleans and tackle two more Texas markets—San Antonio and Fort Worth.

By the end of the decade Mervyn's south central region will include stores in Arkansas and Oklahoma as well as Texas and Louisiana. The chain will also invade the eastern Rocky Mountain region and Atlanta by the end of 1987, Kilmartin revealed last month.

As Mervyn's expands eastward, stock analysts who follow the chain expect a third division to open some time around 1989.

Successful thrusts into new markets combined with average annual sales gains of 28% over the past five years have attracted the watchful eye of other value-oriented soft lines merchants. As Mervyn's expansion accelerates, competition from Sears, Ward and upscale discounters for the middle-tier soft lines business is heating up for Mervyn's.

Already in Chicago, Federated is imitating the Mervyn's formula with its own specialty store: Mainstreet, a new chain unveiled just last month.

The second highest volume producer at Dayton Hudson, Mervyn's is one of the four fastest-growing specialty retail chains in the country, according to an analysts report prepared by the William Blair company, Chicago. The report noted the ceo's post at Mervyn's is now as important as the president and vice chairman positions at Dayton Hudson.

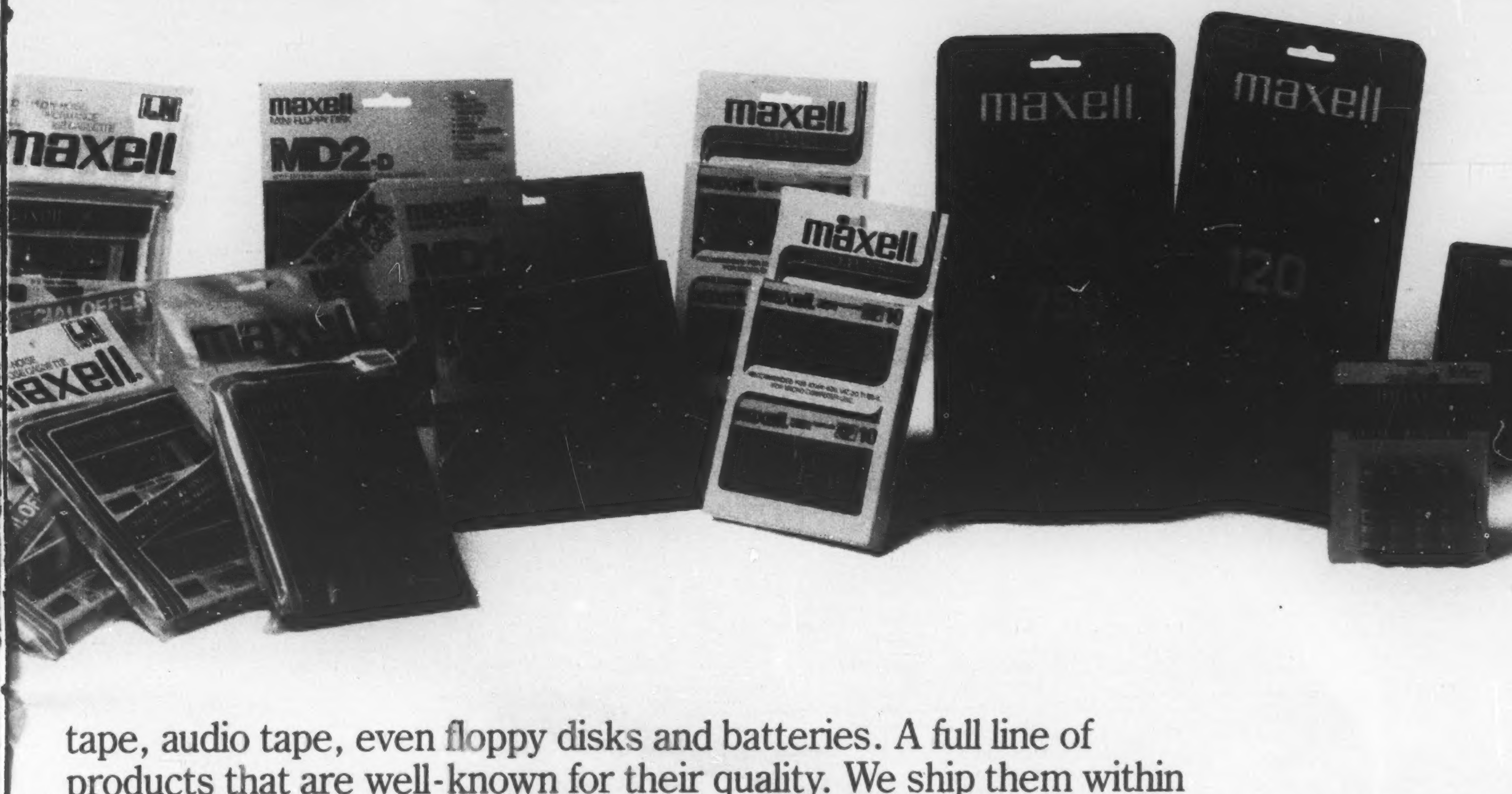
Jack Kilmartin, 63, described by his associates as "laid back," has held the chairman/ceo post at Mervyn's for the past five years.

The plan to make Mervyn's a national chain was set in motion in 1978 when founder Mervyn Morris merged his then 50-unit chain with Dayton Hudson. But it was Kilmartin, who also made his mark on the chain's merchandising position starting in the late 60's, who steered the company through the transition from a regional to a multidivisional operation.

With his company clearly established as a growth-oriented division of a large retail corporation, Morris resigned in 1979, calling his mission accom-

(Continued on page 26)

TAPE BUT RED.



tape, audio tape, even floppy disks and batteries. A full line of products that are well-known for their quality. We ship them within 24 business hours of receiving your order because we know fast deliveries mean fast turnovers.

So if you're entangled in deals and order forms, call your local Maxell representative. The only person we'll tie up is your cashier.

maxell®

©1984 Maxell Corporation of America, 60 Oxford Drive, Moonachie, N.J. 07074.

Kilmartin Sees to It That Promos Remain the Linchpin

(Continued from page 25)

plished.

Kilmartin, who had rallied buyers around the Mervyn's merchandising philosophy for 13 years, who had unpacked boxes with them in preparation for store openings when he was president and who had shopped store sites alongside Morris, took the helm when Morris left.

Thriving under the laissez-faire supervision of Dayton Hudson, Kilmartin held fast to the sharply focused merchandising approach he had nurtured since joining the chain. By seeing that very little changed, he kept rapid expansion from destroying the entrepreneurial atmosphere Mervyn's had as a smaller chain.

Today, Kilmartin approaches retirement, seeing his mission accomplished: The dream to turn Mervyn's into a national chain is quickly becoming a reality.

Called a "team player" and "motivator" by those who have worked with him, his style of management has kept turnover so low that "there is so much depth in management here, there is no concern about carrying on after he leaves," one insider pointed out.

Although Wallace Kalina resigned as president in April, Walter Rossi who joined the chain in 1976 took the president's post—which at Mervyn's is the top merchandising job. Industry watchers expect Rossi will take the helm after Kilmartin retires. In Texas, another long-timer, Mark Cohen, is president and top merchant.

Mervyn's is still close to what it started out as in 1949—a soft goods specialty chain positioned between department stores and the Big Three—Sears, Penney and Ward. Its target customers are still middle-income families, today earning between $26,000 and $30,000. Never a margin-cutting discounter, the chain uses private labels and rotating promotions to keep prices sharp and quality high.

Mervyn's assortment has changed only a little. The mix now includes apparel for men, women and children; shoes; domestics; jewelry, and cosmetics. Two hard lines categories have also been slipped into the mix. Toys bolster the children's business, and over the past two years fashion housewares has replaced fabrics and notions.

While encouraging trend-riding moves that seem to bend the mold such as adding housewares, Kilmartin has seen to it that the central aspect of Mervyn's hasn't been altered: Promotions remain the linchpin of the merchandising formula. Weekly circulars which account for some 35% of the sales and other special event sales are the motivation.

Twice a week the merchandising staff and management up to the division presidents get together. One day they are in the store to get a first hand view of how current promotional items are being displayed. Another day they are at headquarters to plan another weekly circular, from deciding which items will be featured to how each item will be positioned in the store. The key to keeping the circulars fashion-right is planning only three and a half weeks out.

It was Kilmartin who initiated those weekly meetings years ago, one Mervyn's insider recalled. One buyer said attending the meetings led to his becoming "Mervynized—completely involved with the merchandising concepts and the customer profile."

After those meetings, "everybody knew not only what was going on in his own division, but also what was going on in all the divisions," the former Mervyn's buyer recalled.

Store managers and department managers are also Mervynized. Each week they rise to the challenge of another promotion—implementing special displays and competing with each other to break sales records.

From the mid-60's to '79, Kilmartin presided at those meetings, listening week after week for ideas that best exemplified the Mervyn's concept and weeding out those that veered away from the formula. From his comments and direction—always spoken softly but with command, colleagues said—the Mervyn's concept became ingrained in the minds of the merchants.

Unlike founder Morris, who went from working in his father's general store to launching the first Mervyn's, Kilmartin was a trained merchant. He graduated from the Harvard Business School after serving in the Navy and launched his retail career in department stores. He had reached the vice presidency at Rhodes Department Stores, when he moved to the then three-unit Mervyn's operation.

Competition Eyed

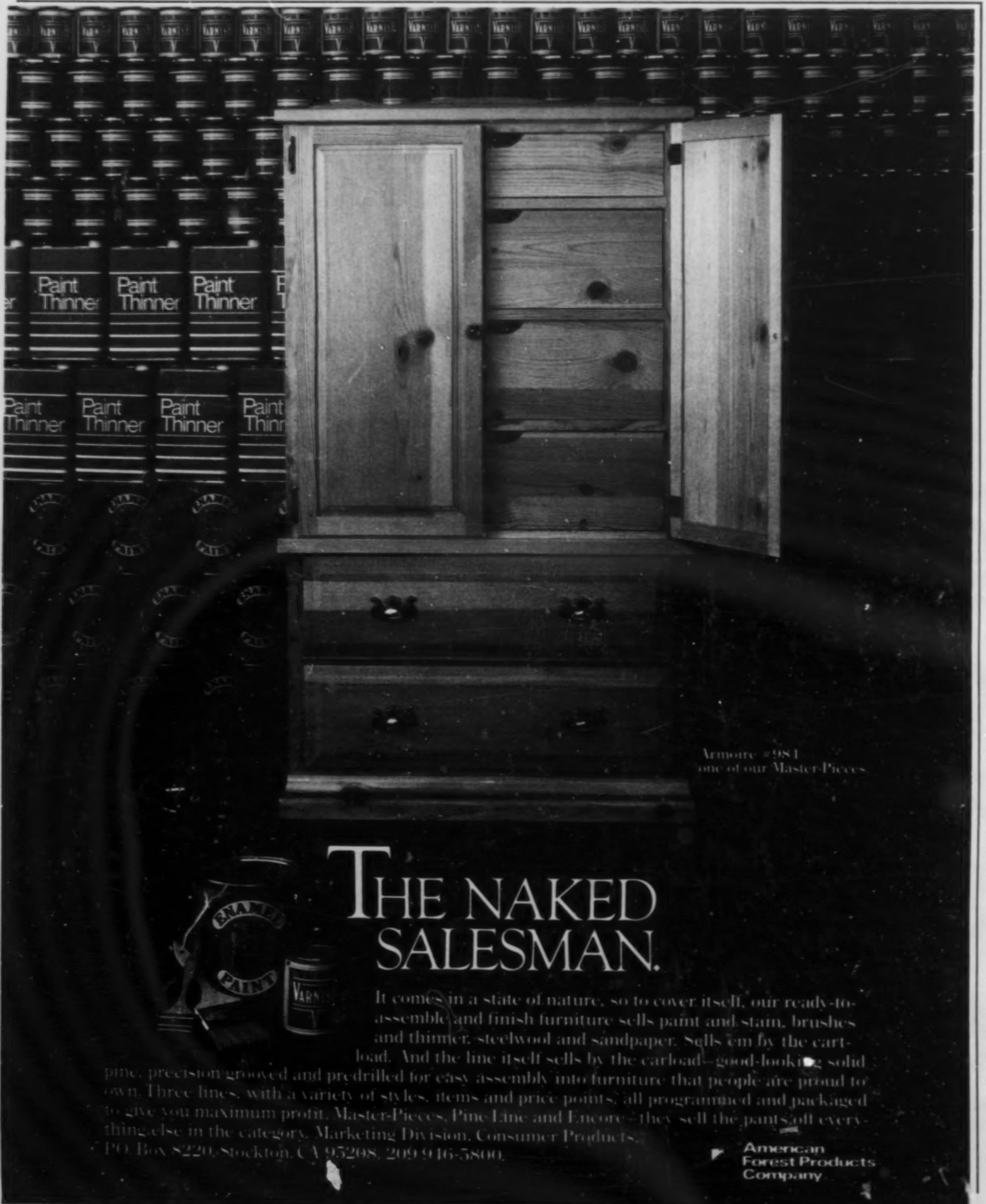
Today, with sales per square foot of $216 and rising by about 6% a year, Mervyn's executives are expecting more competition and talking less about their operation. "We've already given away too much about our business," one high-ranking company insider admits.

Mass retailers and upscale discounters are doing what Mervyn's has always done, and are developing quality private labels to increase their margins in soft lines.

Federated's new Mainstreet stores are closest to the Mervyn's formula and positioning. That chain is going after middle-income families. It is also building its business around a weekly flyer and is developing a private label program targeted to eventually account for 30% of the mix.

Current and future Mervyn's competitors all have some catching up to do on the merchandising side, say vendors who deal with Mervyn's. "They understand their niche and are willing to give up volume to keep the customers' reliability," said a domestics merchant.

"Their competitors—from Penney and Ward to Gemco and Fred Meyer—do 120- to 80-count sheets to offer low prices. Mervyn's, however, leans toward the upper-end, higher counts despite the price to insure their customers get quality." That's Mervynized thinking.



Armoire #981
one of our Master-Pieces.

THE NAKED SALESMAN.

It comes in a state of nature, so to cover itself, our ready-to-assemble and finish furniture sells paint and stain, brushes and thinner, steelwool and sandpaper. Sells 'em by the cartload. And the line itself sells by the carload—good-looking solid pine, precision grooved and predrilled for easy assembly into furniture that people are proud to own. Three lines, with a variety of styles, items and price points, all programmed and packaged to give you maximum profit. Master-Pieces, Pine Line and Encore—they sell the pants off everything else in the category. Marketing Division, Consumer Products, P.O. Box 8220, Stockton, CA 95208, 209 946-5800.

American Forest Products Company

The Lazarus Story—Today U.S., Tomorrow the World

By LARRY CARLAT

Toys "R" Us's Biz Zooms

Fiscal Year	Net sales (add 000)	Net earnings (add 000)	No. of units	New market entry
1979	$ 349,099	$17,208	72	Dallas/Oklahoma
1980	480,317	26,776	85	Seattle/Portland
1981	597,332	28,893	101	Philadelphia
1982	783,285	48,920	120	Southeastern Florida
1983	1,041,735	64,162	145	Atlanta
1984	1,319,642	92,317	169	Cincinnati
1985	544,224*	21,239*	198	Buffalo/Rochester

*First-half sales and earnings to July 29, 1984

Source: Toys "R" Us annual reports

ROCHELLE PARK, N.J. — Today the country, tomorrow the world.

As Toys "R" Us (TRU) continues its systematic entrenchment in American life, Charles Lazarus, its 61-year-old founder and chairman, has bigger goals in mind.

Joint ventures in Canada, England, the Middle and Far East will push TRU into the $5 billion sales bracket in the next five years, according to industry analysts, and coupled with the nurturing of the Kids "R" Us embryo, its off-price children's apparel division, many believe the chain will evolve into one of a handful of dominant worldwide retailers by the turn of the century.

"We hope to be opening our 200th store in China in 2004," said Lazarus, tongue in cheek, at a recent retail analysts meeting, but insiders and industry watchers say a goal of this scale is vintage Lazarus and they also bet he'll still be around running the show.

The show could conceivably include several other "R" Us operations.

Lazarus has often noted Kids "R" Us is just one of a myriad of potential outgrowths of his toy chain. Indeed, several analysts have pegged TRU as one of the best long-range retail stock investments. Robert J. Schweich, analyst at Wertheim and Co., feels the TRU stock could eventually climb into the low 120's by the year 2000, making it a bona fide blue chip.

By the end of the current decade, the analyst believes TRU will gobble up 25% of the total United States toy market—twice its current share—while successfully crossing over the transom into the corporate stratosphere.

Lazarus knows he can't take that giant step alone. To help handle the transition from United States retailer to global heavyweight, he's nearing the completion of a change in his top management guard, and, contrary to his long-time policy of promoting from within, Lazarus has gone elsewhere to fill in the gaps.

Two of the three men with whom he ran the company are no longer by his side. W. John Devine, formerly director of international operations, left the company's board of directors last January. Sy Ziv, who headed product development and at one time was Lazarus's right-hand man, retired this month due to poor health.

Howard Moore was the first tapped for TRU's new guard. Moore came over from Lionel in 1980 to handle TRU's merchandising area. He had owned Toy Town, a seven-unit chain in Baltimore, which Lionel acquired in 1977.

Over the past year, Lazarus has brought in Michael Goldstein as senior vice president, finance and chief financial officer, and Joseph Baczko as president of the company's international division. Goldstein was formerly senior vice president, operations and finance at Lerner Stores and a partner at Ernst and Whinney, certified public accountants. Baczko is a former ceo at Max Factor who headed the manufacturer's Europe-Africa-Middle East group.

With Norman Ricken, the last of the original TRU four, now president, running day-to-day operations, Moore and Robert Weinberg, vice president, merchandise manager, taking care of sales promotion and Michael Searles replacing Judy Stewart as president of Kids "R" Us, Lazarus has streamlined his organizational structure into six major operational areas—TRU/USA; TRU/Int'l; Toy Merchandising; Finance and Administration; Kids "R" Us, and Department Stores.

Besides a strong philosophical leaning toward structure and organization, what separates Lazarus from his competition and what many feel still drives him is an undisputed love for his business. He has said many times that toys is a fun business, and at Toy Fair he's perhaps at his most ebullient.

During that February week, manufacturers say he bubbles and glows. Animated and excited, he moves from one jammed showroom to the next, picking up toy after toy, asking a hundred questions on each while offering advice on everything from merchandising to advertising.

The Reason Why

"When he looks at the TRU logo, he reads his name in it. Running his business is what he loves to do best. To him, it's like breathing," said the vice president of a major toy manufacturer.

Lazarus readily admits he and his company are one: "My ego is the growth of this company and seeing how well we can do something, how we can continue to improve it, not just sit back and say it's good enough," he has been quoted as saying.

He's obviously not the laid-back type. Lazarus is highly disciplined, detail oriented, efficient and a bit of a worrier, say those who know him. Also deliberate and logical, not terribly risk oriented but above all, tenacious.

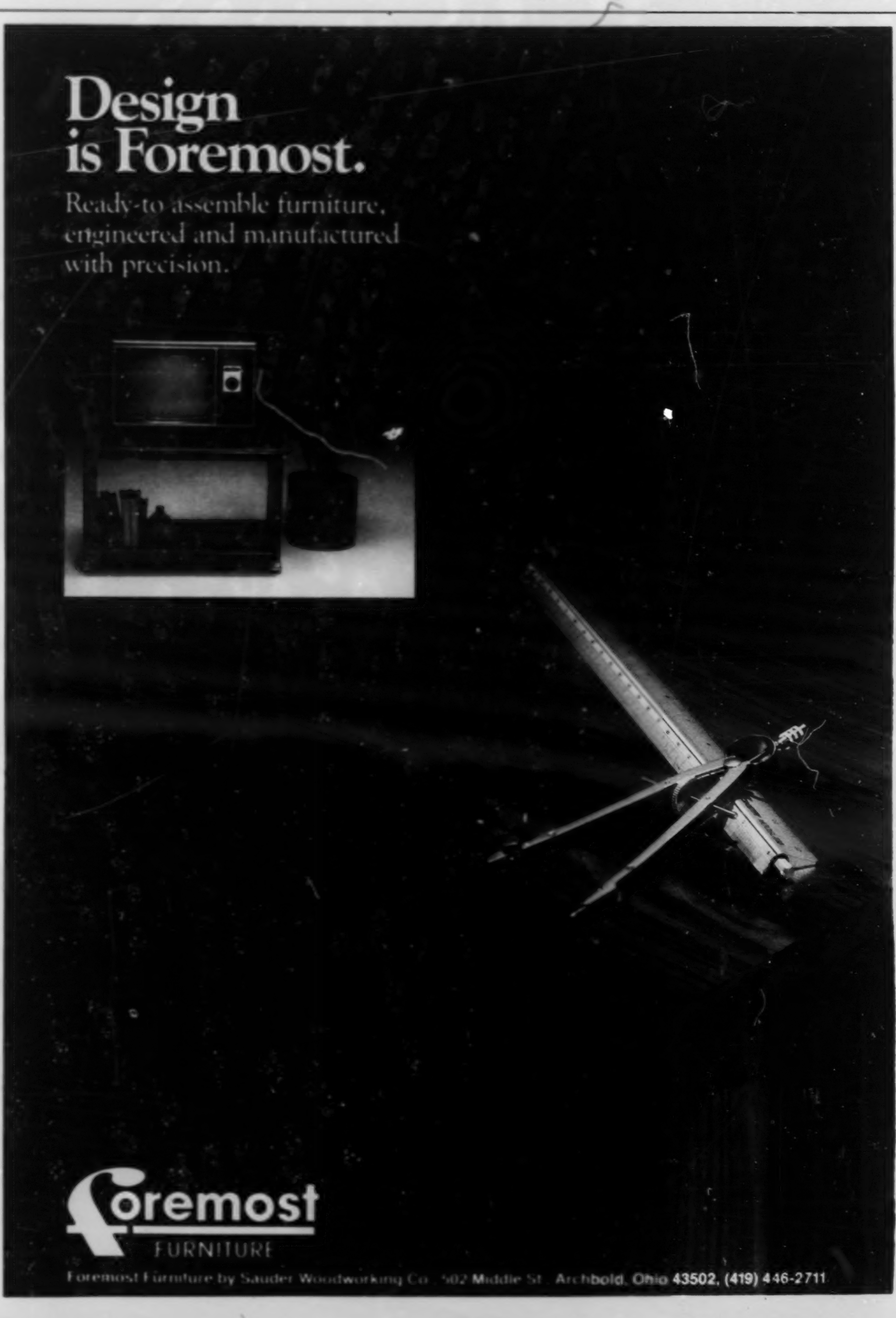
Everyday low pricing (what he calls "real" pricing), immense assortments of name brand toys (over 18,000 sku's overall), a liberal return policy and cookie-cutter units located near malls are the bedrock principles of his company. They are also the tools he uses to move closer to his long-range vision—to be the only game in town.

If anything, Lazarus is a great editor. On a broad scope, he has chopped out several competing chains on his way to the top. Within his own chain, Lazarus is constantly editing everything,

"We closely monitor 50 different licenses weekly. If you don't, you get killed," he said.

While supporters also see Lazarus's affinity for methodical orientation to detail in the

(Continued on page 31)


Design is Foremost.
Ready-to-assemble furniture, engineered and manufactured with precision.

Foremost FURNITURE

Foremost Furniture by Sauder Woodworking Co. 502 Middle St. Archbold, Ohio 43502, (419) 446-2711

Lazarus's Next Milestone: $2 Billion in Annual Volume

(Continued from page 28)

chain's state-of-the-art computerized inventory management system and its tightly controlled expansion into only one new market a year, critics—and there are few—said his calculating and analytical approach to problems make him and TRU relatively predictable.

But while competitors might be able to chart TRU's next strategic move, nobody is too keen to go head to head with them.

"He stays within the boundaries of a very well-defined concept and over the years, patterns emerge but it's all focused on his vision. If it was up to him, he'd be the only retailer in the United States," John Chase, president of Child World, the No. 2 toy supermarket chain, said facetiously of his chief competitor.

Lazarus is known for both his voracious appetite for market share and his tenacity. Many have described him as a "gentle tiger," and although he packages his toughness better today than he has in the past, the bottom line is the same. Lazarus will push everything to the limit.

"He's changed. He used to be very demanding to the point of pounding on your desk. He was never much of a screamer, though; he had other people for that. It was more of an ego play in the past but now he has manufacturer's reacting like Pavlov's dogs," said an executive at a major toy manufacturer.

In Agreement

"He doesn't miss a cent that's due to him and most likely, he'll get exactly what he wants," said Ray Wagner, ex-president of Mattel's toy division and now consultant to Hasbro.

"Exactly what he wants" often means TRU will only do business on its terms. Lazarus takes as few risks as possible. Manufacturers said the chain will not accept delivery of a product until it is sure it's a winner, nor will it even place an initial order unless the manufacturer agrees to accept returns at no cost to TRU, a benefit not extended to every toy retailer.

Because of its year-round operation and its extensive warehousing network, TRU can place and sometimes receive orders in February, right after Toy Fair and get an additional early buy-in discount of 1% to 5%. These orders, manufacturers admit, will frequently not be paid for until the following January, after the Christmas rush. Competitors who do not have TRU's warehousing or EPOS resources find themselves facing tighter terms as Christmas approaches.

In addition, as the industry's largest customer, it receives priorities on deliveries. Hot toy products are often on TRU shelves months before they filter down to full-line discounters, but in some cases, like the Cabbage Patch phenomenon, TRU waits in line with everyone else. Lazarus recently noted the chain has been taking customer names and filling the requests in rotation. TRU currently has one million names on its Cabbage Patch list.

"We hope to open our 200th store in China in 2004."

—*Charles Lazarus*

At the same time, Kids "R" Us, although it has not yet achieved the clout of its parent, is beginning to make an impact in children's apparel. With 10 units in operation and an additional 15 expected next year, many believe, although competition is rampant, the chain is following the same path as TRU. There is, however, a glaring difference between the two chains, noted Lazarus.

"With TRU we pretty much warehouse toys. Kids "R" Us is different. Selling clothes requires service," he said.

Lazarus adapts. Industry watchers agree he'll do whatever possible to keep his TRU machine grinding along toward its current goal of $2 billion in sales. Currently, he has had more time to spend charting his global aspirations and pitching the financial community. He has also had a little time to relax.

"I think Charles has become less single-purpose than he used to be. He had very little outside interests prior to his second marriage," said Bernie Loomis, an ex-president of Kenner, who now heads a joint venture company with Hasbro.

Lazarus's second marriage, to Helen Singer Kaplan, a noted sex therapist and analyst at New York Hospital-Cornell Medical Center, has introduced him into new social circles. He enjoys accompanying her on her lecture tours and basks in her celebrity, say his friends.

But, be it at literary gatherings with novelist friends Howard Fast, Erica Jong and Bel Kaufman or walking a product line with any of a dozen manufacturer vice presidents, part of his charm, according to interviews, is his ability to fit right into any situation. Friends say he leaves his ego at TRU's doorstep.

"He doesn't flaunt anything. There's not a wise guy bone in his body. He doesn't talk down to people, where other men in his position do not handle themselves in the same manner," said Sam Rubin, bicycle importer and owner of John Henry, a nine-year-old super thoroughbred horse that has won over $6 million. Lazarus and his wife have been Rubin's guests at the track several times.

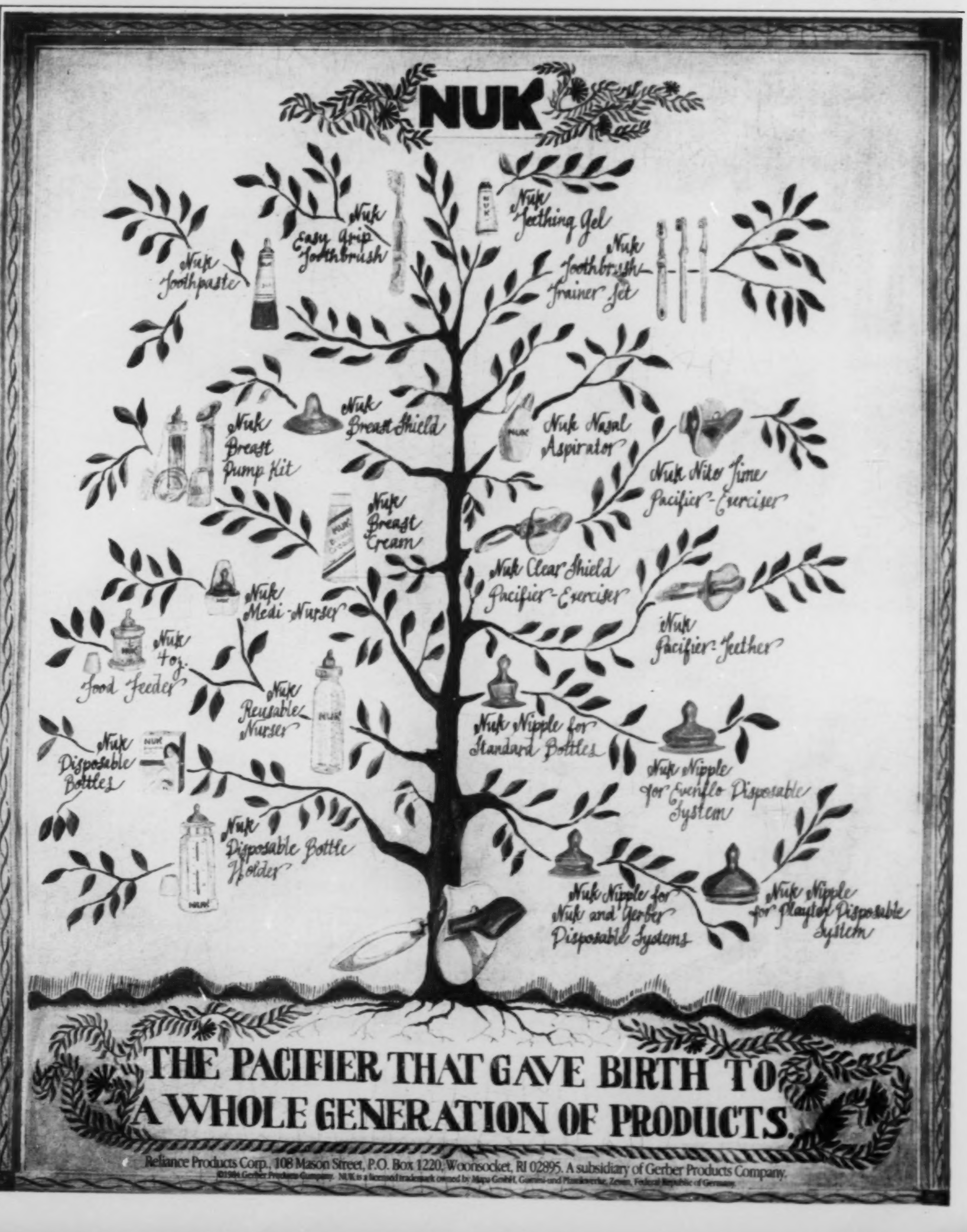
"Charles enjoys it with the enthusiasm of a little kid," noted Rubin. Lazarus, who lives in Manhattan, also enjoys fishing and will occasionally take out his boat at a summer home in Amagansett, Long Island.

"You'd be surprised, a man with his kind of money, owns such a small boat," said Rubin.

Lazarus is worth well over $75 million on paper alone (he owns over a million shares of TRU plus his salary is among the highest in retail suites at $1,887,480); and, although he's known as a philanthropist, he's particularly quiet about it.

Bernie Loomis joked about Lazarus, "If I ever needed anything real bad he'd be there but

(Continued on page 68)


NUK
Nuk Toothpaste
Nuk Easy Grip Toothbrush
Nuk Teething Gel
Nuk Toothbrush Trainer Set
Nuk Breast Pump Kit
Nuk Breast Shield
Nuk Nasal Aspirator
Nuk Nite Time Pacifier-Exerciser
Nuk Breast Cream
Nuk Clear Shield Pacifier-Exerciser
Nuk Medi-Nurser
Nuk Pacifier Teether
Nuk 4oz. Food Feeder
Nuk Reusable Nurser
Nuk Nipple for Standard Bottles
Nuk Disposable Bottles
Nuk Nipple for Evenflo Disposable System
Nuk Disposable Bottle Holder
Nuk Nipple for Nuk and Gerber Disposable Systems
Nuk Nipple for Playtex Disposable System
THE PACIFIER THAT GAVE BIRTH TO A WHOLE GENERATION OF PRODUCTS.

Reliance Products Corp., 108 Mason Street, P.O. Box 1220, Woonsocket, RI 02895. A subsidiary of Gerber Products Company.
©1984 Gerber Products Company. NUK is a licensed trademark owned by Mapa GmbH, Gummi-und Plastikwerke, Zeven, Federal Republic of Germany

Drug Emporium

Phil Wilber (r.) says Drug Emporium stopped being a mom-and-pop shop when he added a second tier of management. Don Brennan (l.) was brought in to oversee store setups. *(DSN photo)*

Wilber's Deep-Discounters Grow Into Seasoned Retail Operation

COLUMBUS, Ohio — By their own reckoning, they're past the crossroads now.

"We're not a mom-and-pop operation any more." Gary Wilber, son of the 57-year-old head of the Drug Emporium, Phil Wilber, sees the company his father founded here seven years ago as being "a year into a second-generation management structure."

In fact, he can pinpoint exactly the events that transformed the now 47-unit network of franchised and company-operated deep-discount drug stores from a mom-and-pop shop into a seasoned retail organization primed for growth.

"These were key events, hard facts, that confirmed our assumptions about the company's potential," he said.

In a way, they are also key events for the industry Drug Emporium has helped spawn.

While Phil Wilber didn't invent deep-discount drug retailing, he has taken the format further than anyone else. Today Drug Emporium is the largest organization of its kind in the country, and as Gary Wilber noted, "the race is on."

Since 1983, eight of the country's top 25 drug chains have launched their own versions of the concept, and several general merchandise retailers, including Wal-Mart, K mart and most recently Woolworth are also experimenting with it.

The Background

The first coming of age event was the opening of Drug Emporium's third company-owned store in its home town, Columbus, Ohio, in early 1983. (Today there are four DE units here.)

Unlike other deep-discount store operators (most notably the wholesale/membership warehouse chains whose razor-thin margins don't return enough to the bottom line to support big advertising budgets), the DE marketing equation calls for heavy ad expenditures. The company's franchise agreement—which Wilber said is tougher today than in the past to make sure "we address the issues we feel are most important"—stipulates that franchisees must spend 1% of annual gross sales for television, radio and outdoor advertising; 60% of that shall be spent on television advertising.

"We found we reached a point in the [Columbus] market where TV created such a demand," the younger Wilber continued, "that the day we opened the store it was profitable. We found we could just go ahead and expand because instead of linear development of stores, there was geometric growth."

The second event was going into Atlanta.

A year ago the Wilbers merged their companies, Columbus Drug Emporium and Drug Emporium Ltd., with Sun States Distributing, the local DE franchise owned by Frank Shanower and Bill Kedri, both formerly with Fishers Big Wheel.

Flush with $5 million from its first private stock placement, the new company, Drug Emporium Inc., was able to move quickly and build its position in the market, according to Wilber. Currently, there are seven DE stores in metropolitan Atlanta; by the middle of next year there will be either 14 or 15, he said.

Adding It Up

A second $5 million stock placement, which Wilber expects to be completed before the end of the year, will in part fund those openings. All totaled, DE plans to open 25 company-owned stores, 20 joint ventures and 10 franchisee-run units in 1985.

The third rite of passage was the creation of a second tier of management.

Today, there are five vice presidents, including Gary, who said he functions as a chief operating officer, responsible for all operations in both company-owned and franchised stores. His father is ceo, responsible for long-term planning, financial deals, and working with franchisees, shareholders and the board of directors.

But, for years, running the business was the exclusive domain of Phil and Gary, and Phil's second wife, Cathy, who acted as treasurer and accountant. She's still active in the business.

Then as now the father and son take on assignments in tandem, "switching roles in a good-cop, bad-cop" pattern, according to Gary. "My father has the hotter temper. He's a very hard negotiator. I remain calm. I'll stay behind and smooth things out."

Others, who have sat across a bargaining table from Phil Wilber, agreed: He's a very hard negotiator, but an honest and fair man.

Following the merger with the Atlanta franchise last year, Shanower, who had been vp,

(Continued on page 34)

humidifier
HANKSCRAFT
humidifier/air cleaner

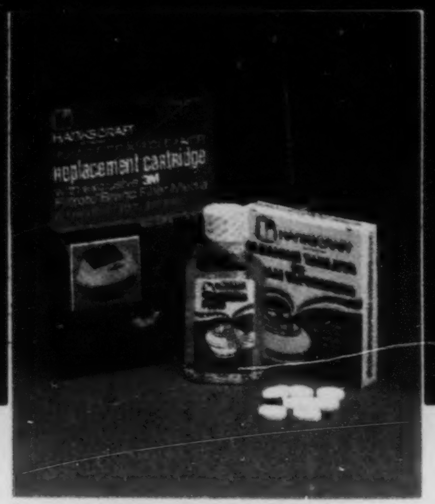
HANKSCRAFT®
by Gerber

NOW THE INDUSTRY LEADER WILL
SELL EVEN FASTER

ALL NEW PACKAGING...3 NEW MODELS:
- One gallon vaporizer, promotionally priced.
- Whisper-Mist™ humidifier with all the most-wanted features.
- All night humidifier/air cleaner with 3M Filtrete™ Brand filter media.

FEATURES FOR THE CONSUMER: Instant brand recognition with quality and styling for the 80's...coupled with all new packaging to aid the buying decision.

SUPPORT PROGRAMS FOR YOU: New 12% Ad Allowance... highest in the Industry/Consumer Advertising/Special Dating Programs/Dedicated, direct sales force for your support.



Attract the repeat business with cleaning tablets, vaporizer fluids and replacement filters.

TAKE STOCK NOW
CLIP OR CALL
608/524-4341

HANKSCRAFT®
by Gerber
Attn: Mike Gill – Product Manager, Box 120, Reedsburg, WI 53959
Have a humidifier/vaporizer expert contact me.
Name ____
Company ____
Address ____
City ____ State ____ Zip Code ____
Area Code ____ Telephone ____

Wilber Plans New Growth Cycle For Deep-Discounters

(Continued from page 32)

gmm at Fishers Big Wheel until 1982, was made vp, merchandising. His franchise partner, Bill Kedri, became vp, operations for Atlanta; Patrick Hiller, previously with Wendy's, is now vp, franchising, and Mel Robinson, is vp, finance. A sixth man, Don Brennan, was brought in to oversee store setups.

"That stock offering was a turning point," Phil Wilber told *DSN*. "Before that I did all the traveling, franchising, banking, operations." And instead of working from his home,, Phil now has headquarters in an upstairs suite of offices in a small strip center not far from his house.

The management team isn't so large, however, or the job specialization so complete, that the players can't trade positions. Son Gary views this flexibility positively; in his own case, it keeps him in touch with every aspect of the business.

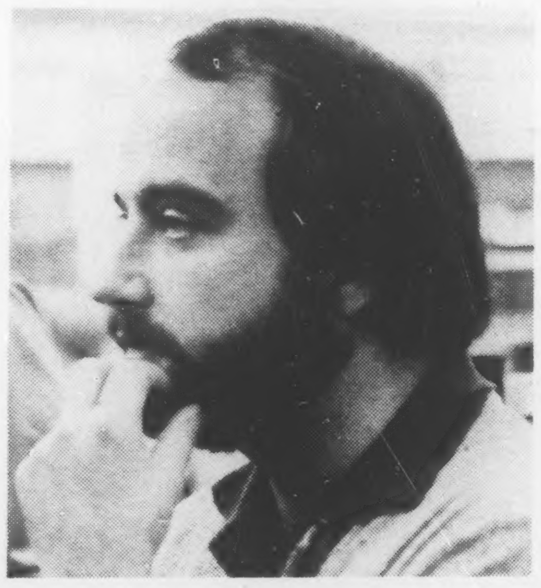
At the same time, he admits there are several staffing areas which still need "a tad of beefing up."

"We'll probably add a comptroller, because we're getting pretty far-flung in terms of finance; a training person, and another in operations," he said.

"We'll bring people in all the time, and for any position," Wilber senior himself said. "We won't let our egos get in the way of the growth of the company. The company is being run for the stockholders—and all of our top people are stockholders." Phil Wilber has the largest block of stock in the private held company, but not a controlling interest, according to his son.

Recently, the 57-year-old senior executive was sidelined by coronary bypass surgery. All involved expect his absence will be temporary. Gary reported that only a few weeks into his recuperation Phil's already reading reports, staying in touch with the business—which all say hasn't skipped a beat.

> **"My father is a hard negotiator. I remain calm. I'll stay behind and smooth things out."**
>
> *—Gary Wilber (pictured)*



"He has great confidence in us," Shanower said, "and we all [five] get along well. I probably didn't talk to him normally more than twice a month anyway; he's outlined our responsibilities very well.

"He's also not an ego-struck person. He gives you direction and lets you do it. If you need help, he'll help. He enjoys the success of his people."

Jeff Marder, 33, a partner in K&J. Associates, the Seattle DE franchise, concurred: "Phil obviously needs to slow down. His one weakness is that he tries to spread himself too thin. But, he's a valuable commodity to the business—regardless of the time he puts in."

An insistence on top-quality, one-on-one relationships is a Phil Wilber hallmark, all agreed.

"The most fun I have is with store managers," the company founder has often said. "Observing them, seeing their excitement. Everyone loves to be emulated, and when I see a manager just as excited about our growth as I am, it's like having a son or a daughter going into the business."

He also tries to emulate the people he admires. "I admire Truman for the tough decisions he had to make; Ike for his leadership; Churchill, who was the man of the century, for his leadership abilities," he said, recounting the story of Eisenhower and the piece of string: "If you push the string it won't go anywhere, but if you pull it it will go anywhere you want."

"I get disgusted with people who make demands," he went on. "I tell managers, 'Don't say pick up that piece of paper.' Pick it up yourself as you're walking and talking."

Neither of the Wilbers expects unit growth to cramp the company's or their own entrepreneurial style. The company's formula for success—which Shanower called a "pretty KISS [as in keep it simple, stupid] formula"—remains at the heart of the business.

To allow the company to work on an average, 18% gross margin, there is no centralized buying/distribution setup. All goods are bought by individual store managers; approximately 80% of them are bought on deal. Store managers also arrange daily receiving schedules of up to 1,500 and 2,000 cases of merchandise in the busiest stores.

Merchandise assortments are composed overwhelmingly of health and beauty aid items—"We sell an inordinate number of secondary brands/items," Gary Wilber said. There is also a smattering of snack foods, stationery, greeting cards and household products like light bulbs. A pharmacy at the rear of the store accounts for 15% of sales, he said.

A Closer Look

In all, the stores, which average just over 20,000 sq. ft., stock 30,000 items, and despite the preponderance of deal buying, nearly 80% of the items are continuity brands.

Mature units produce sales of between $10 million and $12 million; average ringups vary from location to location but range anywhere from $8 to $15 or $16. In Seattle, Marder said shoppers at his oldest store (opened three years ago) generally spent $13.50 per shopping trip. The figure was lower, $10, at the store he opened last year.

"We're a specialty store in the personal care business," Gary Wilber explained, and after seven years in the business, the pressure to tinker with the assortment is simply not as great as it was five or six years ago.

Still, given human nature, franchisees often attempt to do just that. Wilber said the two greatest problems they have with franchisees are violations of the chain's pricing strategy and problems with the mix.

"The problems come about when you take someone and train them. After they leave [headquarters] they think they know more than we do," Phil Wilber attested.

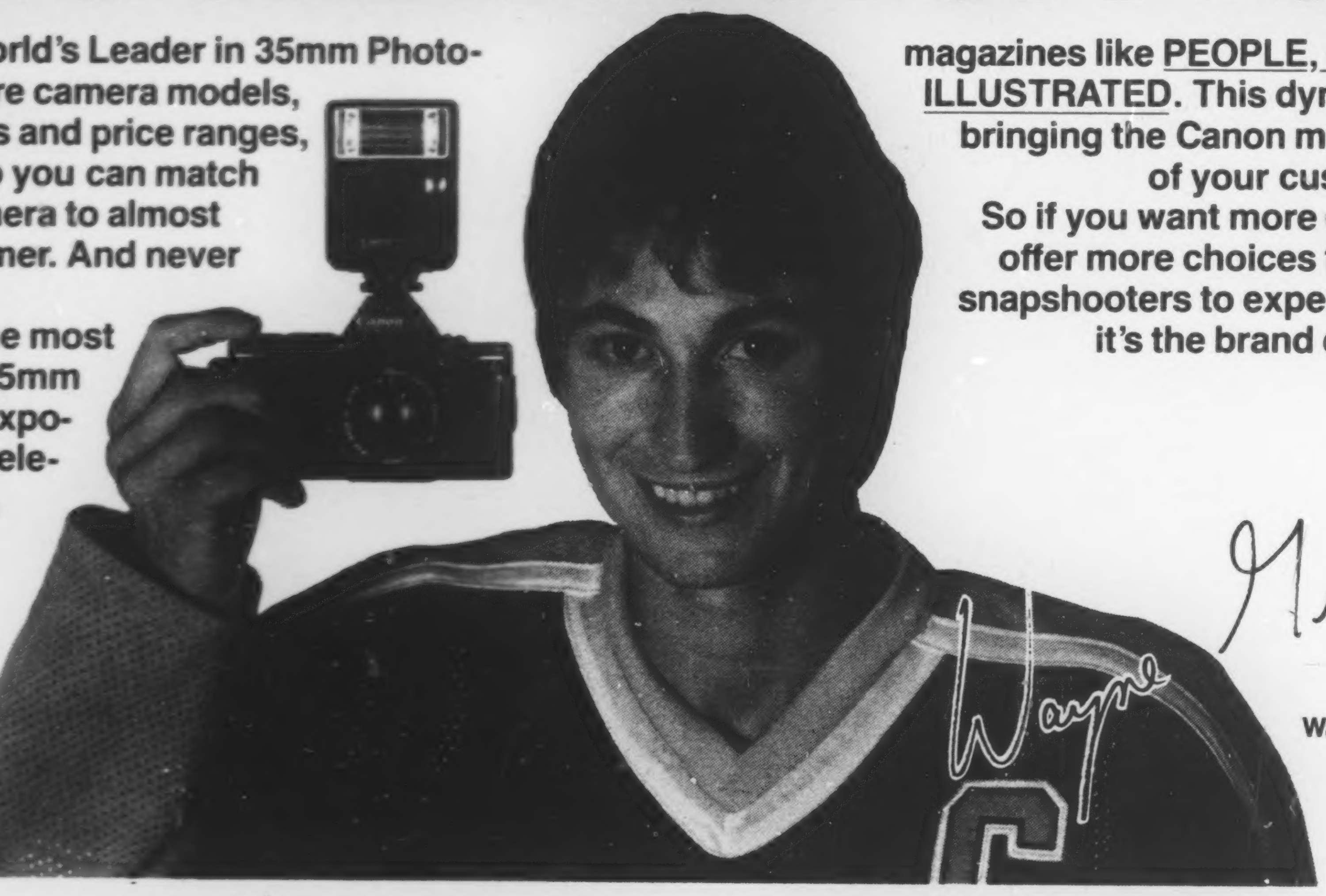
As a result, the Wilbers rely heavily on people who don't have a drug store retailing background. "There's less for them to unlearn" founder Wilber said simply.

More Choices From Canon, More Chances For Profit.

Canon is the World's Leader in 35mm Photography, offering more camera models, in more types, styles and price ranges, than ever before. So you can match a quality Canon camera to almost every type of customer. And never miss a sale.

Canon is also the most heavily advertised 35mm line, with constant exposure on prime-time television and full-page, full-color print advertising in major magazines like PEOPLE, LIFE and SPORTS ILLUSTRATED. This dynamic campaign is bringing the Canon message to millions of your customers right now.

So if you want more chances for profit, offer more choices from Canon. From snapshooters to experienced amateurs, it's the brand customers ask for.



Wayne Gretzky

SLR CAMERAS

Canon SLR cameras combine 35mm quality with the convenience of automatic operation.

Canon A-1

Advanced photographers prefer the A-1, our most sophisticated model, which features six exposure control modes for unmatched versatility and creativity.

Canon AE-1 PROGRAM

The AE-1 PROGRAM is our most popular SLR and features programmed automation for focus-and-shoot simplicity. The AL-1 features the QUICK-FOCUS system which makes it easy for anyone to get sharp pictures every time.

Canon T70

The revolutionary Canon T70 makes the great shots simple. Advanced photographers appreciate features like three programmed modes, shutter priority automation, dual metering and a built-in power winder. Yet it's simple enough for beginners, too, featuring focus-and shoot convenience plus autoloading!

Canon T50

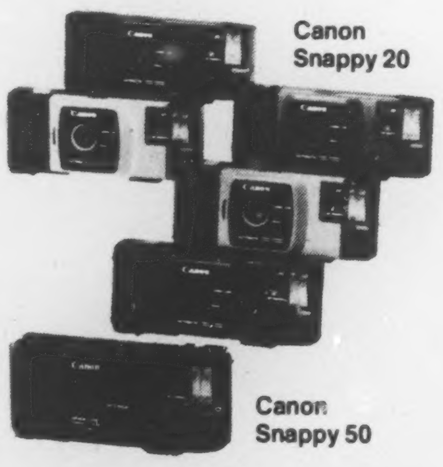
The Canon T50 is our simplest SLR ever! It loads itself, features totally automatic programmed automation and a built-in power winder at an unbelievably low price! And all Canon SLR cameras can use the full line of over fifty Canon FD lenses, plus Canon accessories and Speedlites that add up to additional sales for you.

LENS SHUTTER CAMERAS

Canon MC

Perfect for people on the go, the Canon MC is small enough to fit in a shirt pocket or briefcase, yet provides totally automatic photography on 35mm film!

Canon Sure Shot cameras provide perfect pictures any time, any place, for anybody, with autoloading, auto winding & rewinding, auto exposure control, automatic focus and built-in flash. The Quartz Date model automatically records the date directly on the film. The Super Sure Shot features a fast, f1.9 Canon lens.



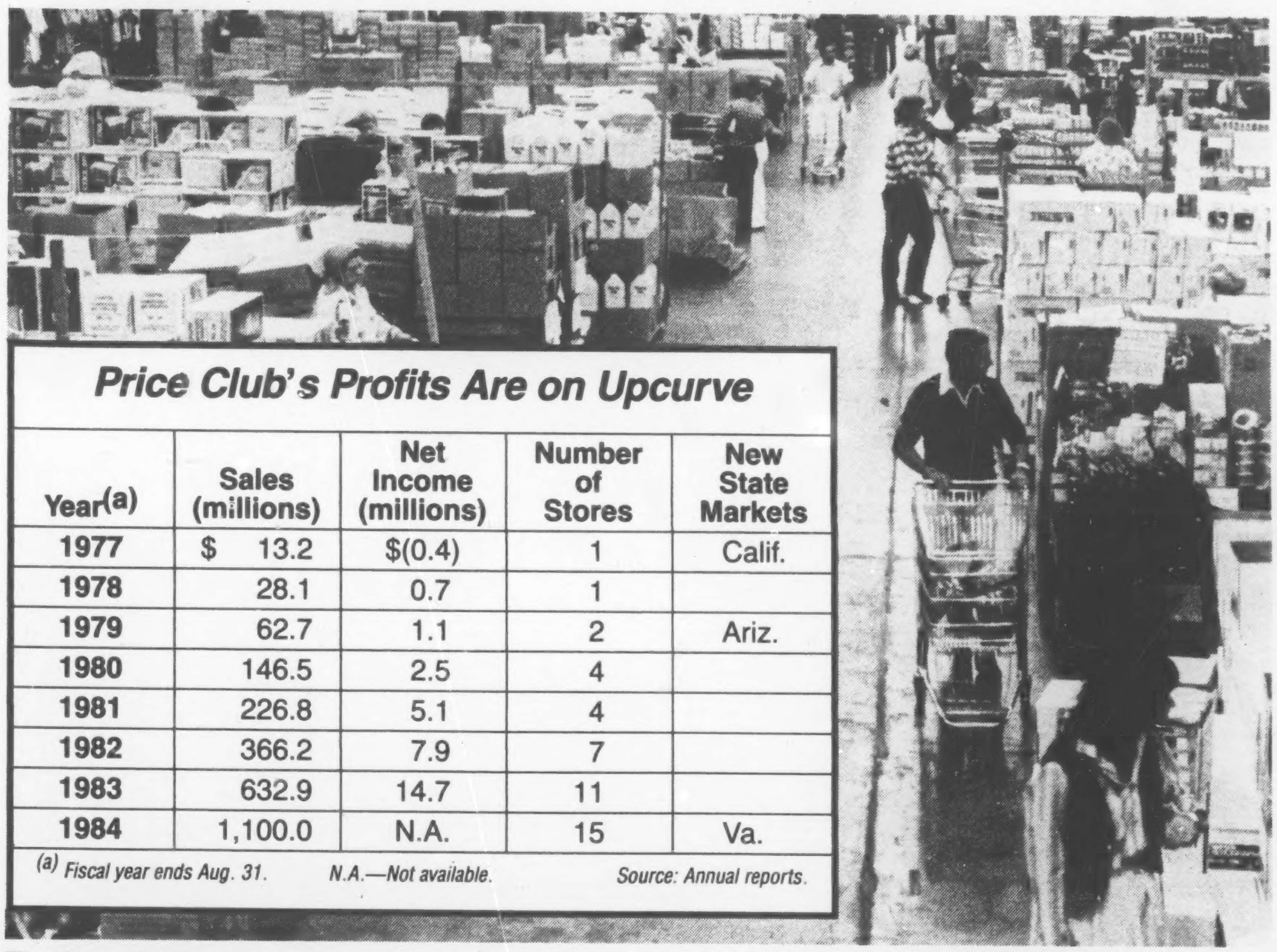
Canon Snappy 20

Canon Snappy 50

Canon Snappy cameras are a snap to use but take high quality pictures on 35mm film. Great for kids or kids at heart, Snappy features one-button, fully automatic operation plus a built-in flash! The Snappy 20 comes in five terrific colors with an f4.5 fixed-focus lens. The Snappy 50 comes in charcoal gray and features an f3.5 autofocus lens. Both come complete with self-display packaging and are priced for high turnover.

Canon®

Canon USA, Inc., One Canon Plaza, Lake Success, NY 11042 / 140 Industrial Dr., Elmhurst, IL 60126 / 6380 Peachtree Industrial Blvd., Norcross, GA 30071
2035 Royal Lane, Suite 290, Dallas, TX 75229 / 123 Paularino Ave. East, Costa Mesa, CA 92626 / 4000 Burton Dr., Santa Clara, CA 95050 / Bldg. B-2, 1050 Ala Moana Blvd., Honolulu, HI 96814 / Canon Canada, Inc., Ontario
© 1984 Canon U.S.A., Inc.



Price Club's Profits Are on Upcurve

Year(a)	Sales (millions)	Net Income (millions)	Number of Stores	New State Markets
1977	$ 13.2	$(0.4)	1	Calif.
1978	28.1	0.7	1	
1979	62.7	1.1	2	Ariz.
1980	146.5	2.5	4	
1981	226.8	5.1	4	
1982	366.2	7.9	7	
1983	632.9	14.7	11	
1984	1,100.0	N.A.	15	Va.

(a) *Fiscal year ends Aug. 31.* *N.A.—Not available.* *Source: Annual reports.*

The Price Club mass-displays goods in cut cases in barebones buildings as part of its plan to hold down costs to sell goods at wholesale prices.
(San Diego Union-Tribune photo)

What's Good For Consumer Is Good For Sol Price

SAN DIEGO — What's good for the consumer is good for me.

That's the business philosophy of Sol Price, said many of his associates, as they analyzed this successful entrepreneur whose every move is closely watched by retailers all over the United States.

His latest endeavor launched a new retailing industry—the wholesale membership club—that has been emulated (copied is the word that competitors privately acknowledge is a better description) by more than a dozen companies. These include such retailers as Wal-Mart, Zayre and Pay 'n Save and firms headed by businessmen like John Geisse, developer of the Target and Venture chains, and Walter Teninga, former vice chairman and chief financial officer of K mart.

Price launched the Price Club, now a $1 billion-plus company, early in 1976 at what some call probably the low point of his retail career, seven months after the new owners of FedMart forced him out of the premier West Coast discounter that he had helped found and drive during the previous two decades.

FedMart was the leading discounter in southern California and its success attracted many suitors. Price, through the stock ownership of his family and associates, along with an employee trust, was the key to any merger.

In 1975, the opportunity to expand from a regional power to a national company led Price into a deal with West German retail giant Hugo Mann. But, by the end of the year Mann had locked Price out of his office and company.

One source who was with Price at FedMart said: "I think Price realized he made a mistake when he got involved with the Germans. They didn't want him there because you can't have two leaders and Sol doesn't work well with anyone else—he has to be his own man. I don't think Sol works well with any partner except for his son, Robert."

Further Considerations

Another source, recalling those days, added: "You have to be strong to stand up to a towering personality like Sol. Generally speaking, there's only room for one such person in a group. I think that's what happened between Sol and Hugo Mann. Both of them liked each other; they had very similar personalities as much as neither would want to admit it. Both had egos, sharp decision-making capabilities and strength to argue those decisions. But, the problem is that ultimately only one can lead."

Without Price, FedMart quickly started to slide downhill and within six years its only value was its real estate. Many of its stores were eventually recycled as Targets when that discounter invaded California a few years ago.

"Sol was embarrassed by the FedMart debacle," one source said. "It was his child and he felt hurt for the employees, the people he had worked with. I don't think he got any personal satisfaction from FedMart's failure."

Even though he wasn't responsible for FedMart's demise, the chain's failure hurt Price's ego, one source explained. "He's driven by success. He doesn't like mistakes. He likes to do something and he wants it done right. He wants it to be a success, an accomplishment, whether it's FedMart or Price Club or taking care of consumers or charitable contributions. He has not only an intellectual interpretation of what is right, but also a moral interpretation of what is right."

That same drive is evident in his approach to business.

"He is a real entrepreneur, and a real capitalist," the source continued. "He believes in the

(Continued on page 40)

You'll see a lot of new faces during our free* oil filter promotion.

The Trop-Artic free*oil filter promotion.

Stock up on Trop-Artic 12-quart traypacks and oil filters. Because when your customers get wind of what's happening, you're going to have a lot more customers.

Starting February 15, each time you sell a traypack, your customers can buy *any brand of oil filter and Phillips will reimburse them the cost of the filter, up to $5.00.* Our free*oil filter promotion offer is good on 12-packs of Trop-Artic 10W-40, 10W-30, and SAE 30 motor oil. Extensive market research proves this promotion will drive customers straight to your cash register. Especially when we kick off the promotion with heavy-up consumer media beginning early March.

Save over $3,000.00 a truckload.

Look at the savings you can get on each 12-traypack: 50¢ just for stocking up, 50¢ when you buy full truckloads of promotional product, 18¢ if you pick up at the packaging location, and 50¢ when you advertise with pre-approved Phillips advertising. It all adds up to a savings of over $3,000.00 per truckload.

Everybody wins. Your customer gets a free* oil filter. And you get the profits from an additional sale. Plus an even greater savings with our allowances. You don't even have to handle any of the paperwork involved in the consumer offer. Phillips takes care of everything.

Order Period: February 15-May 1
Retailer Advertising Period: February 15-May 15
Retailer Advertising Claim: Due by June 1
Consumer Offer Ends: June 15

For more information, contact your local Phillips marketing representative or Paul Shipman, Jr., Phillips Petroleum Company, 7C11 Adams Building, Bartlesville, OK 74004, (918) 661-6692.

*Reimbursement up to $5.00 on specially marked traypacks.

You'll find performance in everything we do. PHILLIPS 66

Price Combines Acumen and Morality

Sol Price (l.) has played down his role in developing the Price Club into a $1 billion operation, letting the spotlight fall on his son and only real partner, Robert Price (r.). *(San Diego Union-Tribune photo)*

(Continued from page 38)

free market. That's why he didn't like Fair Trade laws. He believed that if he can bring something to the consumer cheaper, he should be allowed to do it. He has always believed that the best way of making money has been to bring merchandise to the consumer at the lowest price. He believed it at FedMart and he believes it at the Price Club. If another way of distributing merchandise should evolve that does that, I would imagine he would untimately grasp that concept as well."

Press-shy Price declined to be interviewed for this story. However, he has been less reticent in expressing in local publications his entrepreneurial views and strong belief in the free market economy. He is one of the *Forbes Magazine* 400 richest men in America, worth a minimum of $180 million from his 16% stake in the Price Club and other assets.

Knowledgeable associates who know Price from the days at FedMart and/or the Price Club provided their views—generally highly complimentary—off the record. They used words like social conscience, morality and loyalty that aren't usually associated with strong-willed, sharp-tongued and demanding entrepreneurs like Price.

Their admiration reflects Price's personal generosity, kindnesses and business acumen.

It was his acumen that led numerous American retailers to closely study Price's business ventures, and led a few friends and associates early in 1976 to buy a total of 475 shares, each worth $5,000, to join him and his son, Robert, in putting up the $2.5 million seed money for the Price Club.

One source noted: "I can remember seeing someone walk out of his office in tears, out of joy of allowing Price to take his money and invest it in the Price Club."

The concept was untried and could have been a failure, but "Sol has a reputation and anyone that knew him respected him as an entrepreneur and as a genius in retailing."

The first store, which opened in June 1976 on Morena Boulevard in San Diego, began to fail after about nine months of operation. At that time, the original concept was to be just a wholesale club for small retailers. Price rethought the plan and "adjusted and fine-tuned it to get it to be a success," one source said.

"He was on the floor, talking to customers, asking them questions. I can remember one customer asking Sol: 'These are the lowest prices in San Diego. Why don't you extend them to my employees? They are good employees and they deserve it just as much as the retailers. They won't give you bad checks.'

So Sol went back to the membership store concept he originally used at FedMart. It was ironic because when we first did it, Sol said the wholesale customer, the small businessman won't shop at the store. But the net result was that both the wholesale and the membership business grew in tandem. Somehow each created credibility for the other."

That store was the company's only unit during its first fiscal year. The results at the end of Aug. 31, 1977, showed $13.3 million in revenues and a net loss of $353,000—the only red ink the company has ever shown. It has grown to a $1.1 billion, 15-store retailer (including its first on the East Coast) for the fiscal year ended Aug. 31, 1984.

Upswing Noted

Those revenues are a 71% jump over the previous year and mirror the growth that the Price Club has achieved in past years—and which has made it one of the hottest concepts in retailing.

Completed results for the previous fiscal year ended Aug. 31, 1983, when there were a dozen Price Clubs, showed revenues of $643.5 million, a 73.5% increase from $371 million (from seven stores), while net income of $14.7 million was an 86.7% gain from $7.9 million.

Retailers who have opened similar units—Price Club at times is used generically to mean warehouse club retailing—have tried to match the company's latest format: a two-tiered pricing structure and membership fees for businesses buying for resale as well as individuals (called group members) buying for their own use. Annual membership fees were instituted for the latter group to hold down the flood of people who want to shop the Price Club.

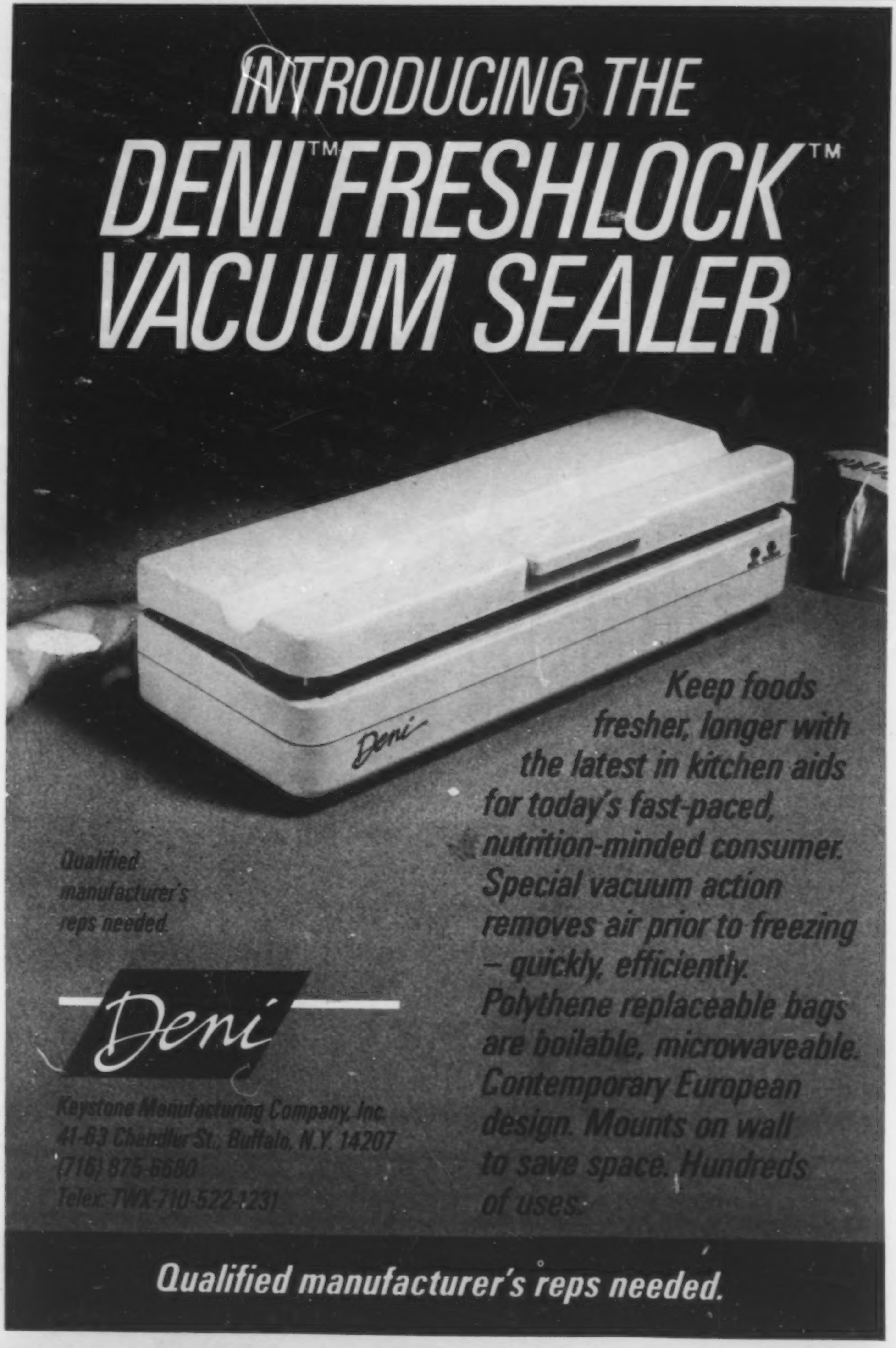
That step was just part of the continuous evolution of the Price Club, one source said. Similarly, more items have been added: more frozen food, more case lots, and more products packaged in large sizes and multicounts just for the company.

"It's discounting, the merchandising ideas Price followed at FedMart, starting all over again," he added.

In one sense, the Price Club extends FedMart to the small-business man:

"Price wanted to provide the same savings to small merchants that he had offered consumers at FedMart. Price Club

(Continued on page 68)



INTRODUCING THE
DENI™ FRESHLOCK™
VACUUM SEALER

Keep foods fresher, longer with the latest in kitchen aids for today's fast-paced, nutrition-minded consumer. Special vacuum action removes air prior to freezing – quickly, efficiently. Polythene replaceable bags are boilable, microwaveable. Contemporary European design. Mounts on wall to save space. Hundreds of uses.

Qualified manufacturer's reps needed.

Deni

Keystone Manufacturing Company, Inc.
41-63 Chandler St., Buffalo, N.Y. 14207
(716) 875-6680
Telex: TWX-710-522-1231

Qualified manufacturer's reps needed.

Marcus's Challenge: Whip New, Better-Heeled Rivals

By AL HELLER

ATLANTA — Bernard Marcus, 54-year-old co-founder and chairman of The Home Depot, is a master showman.

For years, analysts said, he successfully deflected skeptical Wall Streeter questions by assuming a hurt look and saying, "How could you ask me that? Look at our track record."

That record was impressive: 21 stores and $256 million in five years.

Today, however, the analysts are more persistent. They want to know if Marcus can take Home Depot beyond its initial golden period to become a national chain able to whip better-heeled competitors.

Throughout Home Depot's period of uncontested dominance in its markets, the chain's consistently spectacular financial performance made it a Wall Street darling; that also became its Achilles heel.

Home Depot stock, which had split three times already in its high-flying life, plunged 28% within hours when the company posted a less than anticipated 33% operating income gain on a 79% sales increase in the quarter ended this past July 29.

This was the first time Wall Street's widespread respect for the chain became tinged with doubt.

Home center operators, and stock analysts who follow the trade, project that rocky times may lie ahead for Home Depot because:

—K mart's Builders Square and Service Merchandise's Mr. HOW Warehouse, among Home Depot's better capitalized imitators, have heated the warehouse home center fray with expansion plans that are twice the size of Home Depot's scheduled 15 new stores in 1985;

—Home Depot's field management is being strained by expansion, and store management is being pirated by competitors;

—Low-cost prime sites in new markets are becoming rare;

The Home Depot's Statistics Skyrocket

Year	Sales (000 omitted)	Net Earnings (000 omitted)	Total Stores	Markets Entered
1979	$ 7,030	$ (930)	3	Atlanta
1980	22,320	856	4	—
1981	51,540	1,445	8	Miami, Orlando, southern Florida
1982	117,650	5,315	8	—
1983	256,180	10,261	19	New Orleans, Tampa Bay, Phoenix
1984	214,940[C]	7,245[C]	32[A]	Dallas, Fort Worth, Baton Rouge
1985	—	—	47[B]	Jacksonville, Detroit, Houston, southern California, Tucson

[A] Includes Fall 1984 Bowater acquisition. [B] Announced company plans. [C] Six months ended July 29, 1984.

Source: Company and analyst reports.

—Copycatting of Home Depot merchandising is blurring distinctions between Home Depot and its competitors among consumers.

Back in 1978, Marcus and Home Depot co-founder and president Arthur Blank, 41, then chairman/president and vp-finance, respectively, of Daylin's Handy Dan division, devised a plan to marry mass merchandising concepts to the home center trade.

They opened four Home Depots here in 1979-80, which ushered in an era of large and deeply stocked warehouse home centers fostering low-price images with constant promotions, and produced high-volume, high-turn operations. Floor sales help, trained to sell packages and induce add-on sales, were also a critical factor.

Today, some of Marcus's critics feel he may be too willing to risk Home Depot, still in an embryonic stage, by taking it into unnecessary head-to-head market battles against imitators.

Marcus's colleagues contend that he, as the warehouse originator, feels strongly he can beat any emulator in any market by sticking with what's made him successful.

He's already expanded from Atlanta to New Orleans, where Home Depot battles W. R. Grace's House Works warehouse stores, and is also in Phoenix, Tucson, Orlando, Miami, Tampa Bay and southern Florida markets.

Marcus's agreement in principle to buy Bowater this fall—for $40 million and a convertible subordinated debenture—will give Home Depot an immediate store presence in Dallas, Fort Worth, Shreveport and Baton Rouge, La. and Mobile, Ala., plus real estate in Tulsa and Oklahoma City.

The 10-store takeover, which will raise Home Depot's total store count to 32, will give Marcus new market footholds without the need to build new stores—a chain weakness that contributed to slowed store openings in 1984, Marcus conceded. He moved quickly to buy the 14-month-old Bowater chain, reportedly working without a letter of intent that might have wasted time or attracted competing bids.

Now, armed with remaining cash from an $86.3 million 8.5% convertible debenture sale last summer, Marcus is sticking with plans to open Home Depots next year in the Los Angeles and Jacksonville markets—plus Houston and Detroit, even though K mart's Builders Square will be open first in both

(Continued on page 44)

Number three in a series.

A new product must earn its place at your checkout profit center.

In today's never-ending parade of new products, very few earn their place in your checkout merchandising program. To help you separate the winners from the losers, every new product should meet specific criteria you establish. Criteria much like the following:

Has it earned real new product status?
Too often, new products are merely "me too" products. Line extension sales-stealers. Not line expansion sales-makers. Know why a product is new and potentially profitable.

Has the supplier earned your support?
Will the manufacturer's program "love you and leave you" after the introductory allowance? A *total* support program is vitally important to making a new product successful.

Has it earned test market acceptance?
Test market results should reassure you regarding any new product's initial acceptance and repeat purchase potential with solid facts that affect your market.

Will it earn a strong R.O.I.I.?
Front end R.O.I.I. profitability depends on assessing the slow movers a new product will replace. Setting time frames for a new product to move quickly. And discontinuing those that don't.

New EXTRA™ from Wrigley earns its keep.
New EXTRA sugarfree gum with NutraSweet® is a whole new product, made a whole new way • Heavy, on-going advertising, extensive couponing, and broad sampling programs support new EXTRA • Extensive testing showed 2 out of 3 Trident® and Care*Free® gum chewers preferred EXTRA • 9 out of 10 sugarfree gum chewers will buy EXTRA again* • In test markets, EXTRA increased total market sales and earned a $12.01 R.O.I.I.

For profit-making details call toll-free: 1-800-835-3726. In Illinois, call 312-644-2121.

WRIGLEY
Up front with you

© 1984 Wm Wrigley Jr. Company.
*independent research source
*NutraSweet® is a registered trademark of G.D. Searle & Co.

Marcus Proud of Assembling Top Brass

Home Depot hit the Big Board last April with great fanfare. Today analysts wonder if Bernard Marcus (right) can expand the chain faster than the warehouse home center industry he created.

(Continued from page 42)

cities.

He'll be battling Builders Square president Frank Denny, who used to work for him at Handy Dan. Denny has five units going in Houston and six other prime sites secured; Home Depot has already broken ground for two of its planned four sites there. In Detroit, Denny hopes to outflank Marcus with six units to be open by the spring.

It's market research, not ego, that's driving Marcus into Houston and then to Detroit for his first foray northward, insisted Bo Cheadle, analyst at Montgomery Securities, San Francisco. "Bernie sees beyond usual perceptions. He loves [Home Depot's] demographics, and is going ahead," despite Detroit being K mart's backyard, Cheadle said.

The square-off of Marcus and Denny has an emotional edge, implied another analyst, who's close to both executives. "Denny was angry when Marcus bid for his company [Home Centers of America] this summer. It got Denny's backers hot for a deal just when he was on the verge of turning in some good numbers," said the analyst. "It drove him into the arms of K mart, where he retains some independence. At Home Depot, he'd have been totally absorbed."

Speaking of Marcus's raw drive to be a dominant national force in the retail industry he created, Touche Ross's Al Beerman said, "He's attracted to the action."

Marcus repeats that message constantly. "In a crowd of one or 100, Bernie always says, 'Buy our stock. Home Depot will be great for you,'" noted colleagues amused by his zeal.

However, Frank Williams, vp-research at Cantor Fitzgerald, questioned that: "We don't know how well Home Depot will survive all the obstacles, because any company growing that fast has to have somewhat weak middle management." If K mart, say, converted four of its 23 Atlanta sites to Builders Square, then ran them to hurt Home Depot's short-term performance, Marcus would have big problems raising affordable expansion funds, he contended further.

For now, Denny said Atlanta's not in his immediate plans. If it were, they'd be no shoo-in anyway.

Calling Home Depot's Sunday crowds equal to those of the Falcons football team, a local competitor said, "Home Depot leads Atlanta by the ear." That includes a Handy City that's been reformatted and remerchandised to copy Home Depot down to the color striping, he added.

A newspaper advertising executive in that market said Home Depot's weekday ads "drive the guys from Lowe's and Handy City nuts. They always call in price corrections for their weekend ads, as much as $3 off a $6 item."

They're reacting to Home Depot's low-price image fostered by Marcus's aggressive advertising strategy: promote 300-400 of the chain's 25,000 sku's to bring people into stores where trained floor staff build add-on sales. Home Depot averages $30 per customer transaction, compared with $12 industrywide, according to trade experts. They concur with Marcus's regularly stated claim that his advertising and high-service strategy can double a city's do-it-yourself market.

High Volume

Marcus's success stemmed from large stores (63,000 to 110,000 sq. ft.), which sell deep inventories at lower margins (28%) than traditional home centers. The results: sales per square foot of $200, nearly double the industry average, and annual store volume as high as $20 million per unit.

He buys direct, favoring national brands, and has goods drop-shipped to store floors. In Home Depot's aisles, framed by 15-ft.-high stacks of palletized merchandise, shoppers must sometimes dodge forklifts.

Marcus is currently seeking greater chain productivity by installing a chainwide POS system, and attempting to trade customers up to higher-ticket goods, including $1,400 chandeliers and $2,700 spas.

But, his plans are generally to stick with what got him here, colleagues said.

Many contend that Marcus's strategic planning talents match his more popularly recognized knacks for communicating and motivating with a blend of charm and chutzpah.

He transmits his energy throughout Home Depot by visiting stores unannounced almost daily, is known to load stock at store *openings just for* fun, and has his senior management run training sessions for store managers and assistant managers, said colleagues.

"Bernie is like Sam Walton. He's always on, gets in the trenches, and isn't hung up on his office," said Tom Tashjian, analyst at Prudential-Bache Securities.

Indeed, Marcus, who gets the most from people by emphasizing what they do best, once said that assembling his top management team "was probably my greatest accomplishment." They are: Arthur Blank, 41, president and coo; Patrick Farrah, 40, executive vp-merchandising; Ronald Brill, 40, vp-finance and treasurer.

sudafed®
30 mg tablets
(pseudoephedrine hydrochloride)
decongestant
relieves nasal and sinus congestion without drowsiness
Fast-moving Sudafed has moved into TV
Sudafed S.A.
Sudafed S.A.
12 HOUR
SUDAFED PLUS
sudafed
30 mg tablets
decongestant
nasal syrup

Unit Sales up 27%!*
Share of Market up 30%!*

The plan that produced these dramatic test market results has now moved into national network TV, reaching 96% of all American households.

And remember, SUDAFED® is already a fast-moving item: among nasal decongestant tablets, it ranks first in sales** and first in recommendations by doctors and pharmacists.***

Don't miss the show. Stock up on the entire SUDAFED line…then watch it *move*!

*Data on file, Burroughs Wellcome Co. average results in 3 test markets (Jan.-April 1984 vs. Jan.-April 1983)
**Data on file, Burroughs Wellcome Co. (Unit and dollar sales, 12 months ending June 1984)
***Data on file, Burroughs Wellcome Co. (Doctors: July 1983-June 1984; Pharmacists: Sept. 1984 American Druggist, Open Call)

Burroughs Wellcome Co.
Research Triangle Park
North Carolina 27709

RH 84 SUD 4

Frankel: 'We Buy A One-Shot Deal All the Time'

Arthur Frankel, seated in his office, symbolizes Pic 'N' Save's contrast. His open-neck shirt illustrates informality while the computer terminal on the desk denotes the high-tech operation. *(DSN photo)*

By ARTHUR MARKOWITZ

CARSON, Calif. — The roots of the $227 million Pic 'N' Save closeout specialty store chain can be seen on the streets of New York City today: gogetters surviving by selling anything they can buy cheaply.

In the early 1950's, survival for Navy veteran Arthur Frankel meant working as a lathe operator during the week and on weekends selling Army surplus goods or anything else he could find in New Jersey flea markets.

Today, Frankel is president and chief executive officer of Pic 'N' Save, a Carson, Calif.-based company he helped build from Freight Outlet, a two-store operation owned by his cousin, chairman William Zimmerman. From that the two built the nation's leading closeout specialty retailer.

Zimmerman, a New Yorker, had followed a similar path after World War II. Settling in Los Angeles, he worked as a welder by night so that he was free during the day to buy salvage goods—closeouts and leftovers from manufacturers which he peddled to small retailers.

Zimmerman soon found that these retailers were taking the best of his goods, leaving him with slower moving items. He opened his own store to balance out the business, but continued spending his days searching for merchandise while his wife ran the store and the family lived in the back.

In 1955, when there were two Freight Outlets, Zimmerman asked his cousin to join him. Frankel borrowed the air fare, flew to California and was at work the next day, buying some merchandise, moving goods between the stores and running the two units. In the following spring, they opened the third Freight Outlet, also in the Los Angeles area.

Those early days, with the survival of the fledgling business at stake, should have been the low point for Frankel.

Sitting in his office in the informal manner that is a company hallmark, in an open neck shirt, without tie or jacket, with executives and other employees easily coming and going, Frankel looked back almost three decades ago and recalled:

"There never was a low point. Everything was upbeat, upscale, intriguing, interesting, challenging; we were never discouraged by things not going right."

The reason why was "experience, the experience of surviving," he explained.

The Key

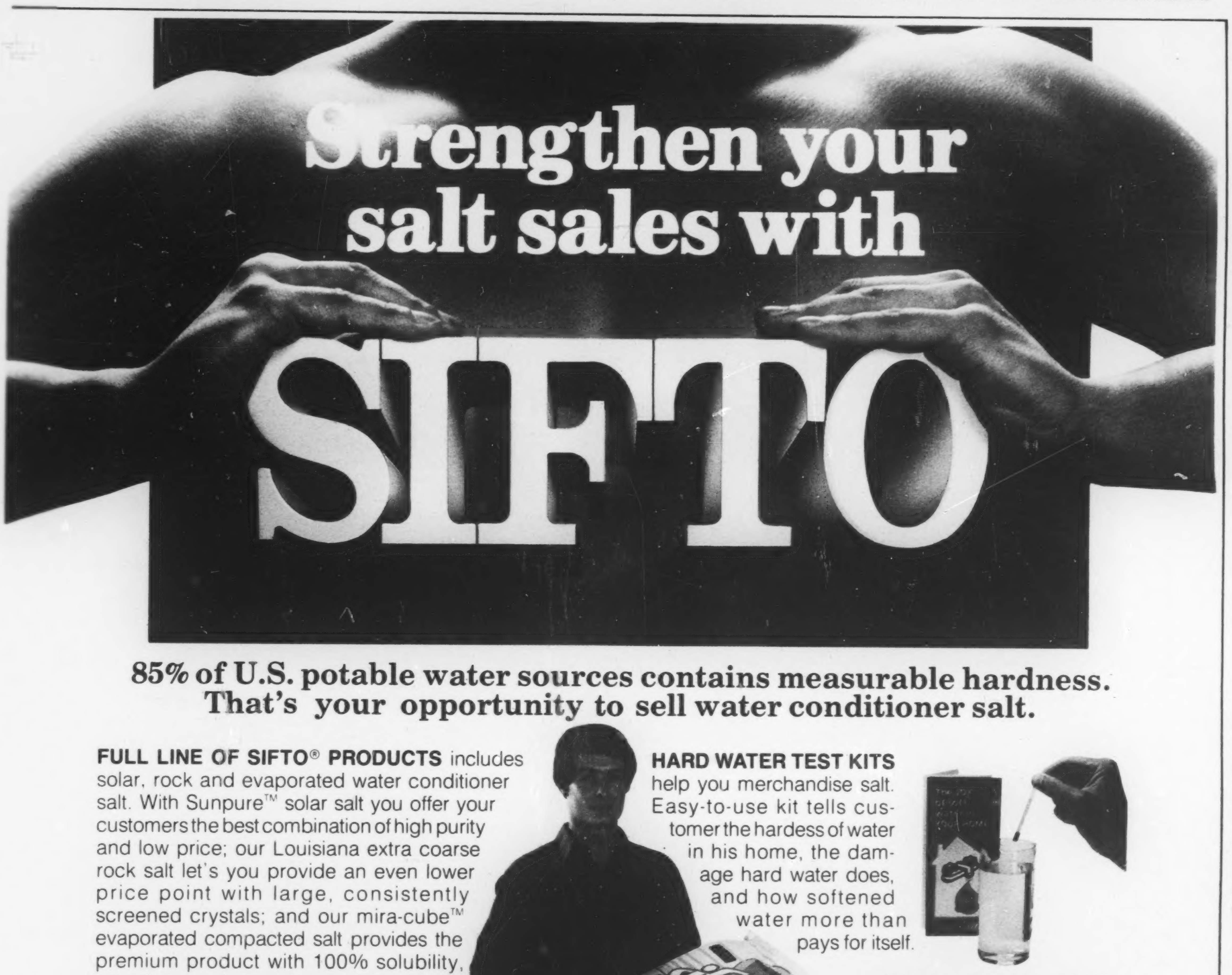
"We haven't deviated in all these years to any degree from what we learned and knew in the early days. That's the key to the success of the business. We have learned how to do things a little better, a little smarter. We're now working less strenuously with our backs and more with our minds. But we are still doing the same thing we were doing 30 years ago, just better."

His perception of his customer hasn't changed much either: "I'll take my chances that the consumer today, like then, is to some degree price motivated and bargain conscious. She also likes the experience of going into a store and finding something she hadn't expected and because it's a bargain can't pass it up."

What Frankel and Zimmerman did then and what company merchandisers are doing today is to first decide if customers will buy an item and how much they will pay for it. "If I were a Pic 'N' Save shopper walking through the store, with no intention to buy this commodity, what would I pay for it?" is how Frankel summed up the merchandising idea behind the company's buying.

Each item has to be judged on its own merits. "Ninety-five per cent of the merchandise

(Continued on page 50)



85% of U.S. potable water sources contains measurable hardness.
That's your opportunity to sell water conditioner salt.

FULL LINE OF SIFTO® PRODUCTS includes solar, rock and evaporated water conditioner salt. With Sunpure™ solar salt you offer your customers the best combination of high purity and low price; our Louisiana extra coarse rock salt let's you provide an even lower price point with large, consistently screened crystals; and our mira-cube™ evaporated compacted salt provides the premium product with 100% solubility, meaning no clean out or fouling of brine tanks. Ever.

$. HIGH $. MED $. LOW

HARD WATER TEST KITS help you merchandise salt. Easy-to-use kit tells customer the hardess of water in his home, the damage hard water does, and how softened water more than pays for itself.

PROMOTIONAL SUPPORT includes signage, pole/poster displays, backer boards, salt sale banners on 50-foot ropes, sample kits, ad slicks, brochures and more.

PACKAGED TO SELL, each product has attractive graphics for display and moisture barriers for extended product life. Sunpure™ and mira-cube™ salt bags (40-lb. poly with comfortable, convenient, carry-home handles) actually explain the benefits of soft water–with copy that sells. Salt also available in 44.1 and 50-lb. PURE-BLOCK™ brine blocks.

Call for pricing, delivery
1 800 323-1641

sifto salt
mira-cubes
sifto salt
for water conditioner
sifto salt®
SIFTO® Sam

SIFTO® Salt Division, Domtar Industries Inc.
4825 N. Scott St., Suite 419, Schiller Park, IL 60176-1354
DOMTAR®

Water Quality

Distributed from facilities at Chicago, Cincinnati, Dubuque, East St. Louis, Lake Point, UT, and Milwaukee

Closeout Giant Frankel Sticks to His Roots

(Continued from page 46)

you'll never see again. We're buying a one-time deal all the time," he said.

Each offer of merchandise "is like a brand new world, like it never occurred before. Only experience can tell you how to judge. We probably sell 250,000,000 items a year overall, and we pass by much more than that."

This type of buying means merchandisers are purchasing items, rather than lines and programs. A buyer has to first unlearn the traditional buying process.

Pic 'N' Save has trained most of its buyers in-house, Frankel said. "They learn Pic 'N' Save first and buying second. It's a growing process in which they start out making minor decisions and get confidence in themselves."

With the unique nature of closeout buying, merchandisers "are on the line every second of the day." Thus "my buyers are compensated more than traditional buyers for Macy's—they also run around with a much bigger checkbook. We don't buy by committee, so they have the autonomy to make decisions and they better know what they are doing. Of course they can—and do—get input and corroboration when they need it."

Even though a Pic 'N' Save merchandiser is on the line all the time and too many mistakes could cost his job, Frankel noted that "with maybe one minor exception, we haven't lost a buyer since we started. Buyers are the key to the business and I've got to keep them happy, because they're worth keeping happy. The one that we lost wasn't worth keeping."

The driving force behind Pic 'N' Save, Frankel said, has always been the challenge of never knowing what item, what deal, what opportunity will come through the door.

"To me, personal satisfaction is uppermost in any endeavor. I get my kicks from the challenge of this business, from the decisions in buying and selling, in moving one way or another; being involved in those decisions to me is creativity. That's what motivates me and what probably motivates the top management of this company," he asserted.

Despite rising competition, Frankel doesn't see any problem in continuing to get closeouts, noting more and more sources now offer goods to the company. About a half dozen years ago, Pic 'N' Save merchandisers had to search out about 50% of the merchandise the company sold, but now about 80% of the goods comes from manufacturers who directly contact the company.

Once the basic decision is made on whether a shopper will buy an item and for how much, the rest of the process follows:

Frankel said that Pic 'N' Save's retail price has to be at least 40%—preferably 50%—less than what the item would normally be sold for. "If I can't sell it for under 40%, I won't touch it," he added.

The buying decision is made relative to what the company's retail price will be. The merchandise has to be available for no more than half Pic 'N' Save's retail.

The end result of all the computations is that the company aims for a 48% to 52% gross profit by generally buying goods for 25% of the retail price and selling them at 40%-50% of retail.

What Pic 'N' Save is doing better and smarter today is making sharper real estate deals, often for recycled stores and low rentals; controlling distribution costs by replacing 450,000 sq. ft. of distribution space in four separate buildings by a new $25 million, computerized 800,000-sq.-ft. distribution center in Rancho Cucamonga, Calif., about 50 miles from Carson; making its stores more productive, and becoming even more flexible and opportunistic in its buying.

Over time, Frankel has become heavily involved in Pic 'N' Save's financial and operational growth, while still keeping his hand in the buying process.

"Bill [Zimmerman] and I were doing all the buying at the beginning. As the company grew and we could afford to hire a truck driver, I was doing 10% or 15% of the buying and Bill was doing the other 85%. The balance kept on coming down as other duties had to be performed and I more or less stepped into an administrative role, since he had better expertise in buying and I had better expertise in the other areas."

Interest Is Building

The company's growth into a $227 million retail operation has made it a highly desirable anchor for small shopping centers and it has been getting more attractive site offers. It owns about 20% of its stores, and is now able to get units built to its own specifications.

Its prototype store is about 25,000 sq. ft.—20,000 sq. ft. for selling, with a 160-ft. front for high visibility. Units are being spotted close to or in middle-income neighborhoods, and the chain appeals to households ranging from $10,000 to $100,000 in income.

Before the new computerized distribution center was opened, Pic 'N' Save handled about 5,000 sku's in the smaller warehouse and turned goods 3.1 times in 1983, a 14.8% jump from the 2.7 times in 1982.

Unveiling stores in more affluent areas along with the more flexible and opportunistic buying has boosted store sales so that the average volume for a store opened during all of 1983 hit $2,743,000, up 22.9% from $2,231,000 in the previous year.

A Pic 'N' Save buyer now wields a bigger pen, Frankel said, citing a telex from one merchandiser who spent $4.5 million the previous day during an overseas buying trip.

Flexibility has always been a "key word in our business," he added, "even though the original concept, the criteria and the fundamentals haven't changed."

(Continued on page 69)

Pic 'N' Save Net Rises as % of Biz

Year[a]	Sales (millions)	Net Earnings (millions)	Average sales per store[b] (thousands)	Net earnings as % of sales	Net return on average equity
1978	$ 63.4	$ 6.9	$1,175	10.9%	26.6%
1979	85.3	10.3	1,394	12.0	30.7
1980	113.6	14.7	1,614	13.0	32.9
1981	133.1	18.5	1,779	13.9	29.9
1982	177.7	27.0	2,231	15.2	31.8
1983	227.1	36.5	2,743	16.0	31.0
1984[c]	99.3	14.2			

[a]Year ends Dec. 31. [b]For stores opened during a full calendar year. [c]For six months ended June 30, 1984.
Source: Annual reports

Shell
FIRE & ICE
All Season Motor Oil
10W-40
MOTOR OIL 1 U.S.
FIRE & ICE COUPON
FIRE & ICE
60¢ OFF

New idea: When customers buy 5 quarts of SHELL FIRE & ICE, they get 5 Shell coupons worth 60¢ each toward future purchases of Shell motor oil.

The beauty of the SHELL FIRE & ICE coupon is lots of repeat business.

This new Shell coupon has all the pulling power of a cash rebate *plus* something extra: a magnet, a hook that keeps the customer coming back for more.

So you get plus business *two* ways. The original purchase. And the return visits.

A second option: the always powerful cash rebate. You know your customers better than anyone else does. If you think they'd prefer a cash rebate, then that's the way to go. Choose the offer that works best for you: the $1.50 rebate on a 5-quart purchase, or the $3 rebate on a 12-quart purchase.

Promotion period: any 30-day period from January through April of 1985.

Eligible products: All SHELL FIRE & ICE® Motor Oils (10W-30, 10W-40, and Super 10W-50), also Shell X-100® Motor Oil (any single grade).

Get a $1/case ad allowance for every 24-quart case (or 50¢ for every 12-quart case) that you purchase and feature in a display ad.

Get a $2/case promotion allowance for every 24-quart case (or $1 for every 12-quart case) that you order on the same invoice. This is across the board, on the *whole* order—not just the products you feature in the ad.

Stores eligible: Retailers whose fuel sales comprise less than 50% of their gross revenues are eligible for these offers.

Questions? Call Shell: 1-800-231-6672. In Texas, (713) 241-2188. Or call the Shell Representative nearest you.
New York: Jimmy Jones (201) 325-5497
Chicago: Tom Walsh (312) 887-5775
Detroit: Larry Polich (313) 855-9000
Los Angeles: Nancy Curry (714) 991-9200

Shell

You can go around the world and not find better outerwear for men than McGREGOR®.
We know.
Because we've gone around the world.

MEN'S WEAR INTERNATIONAL

Men's Wear International Incorporated, 350 Fifth Avenue, New York, NY 10118
A Phillips-Van Heusen Company.

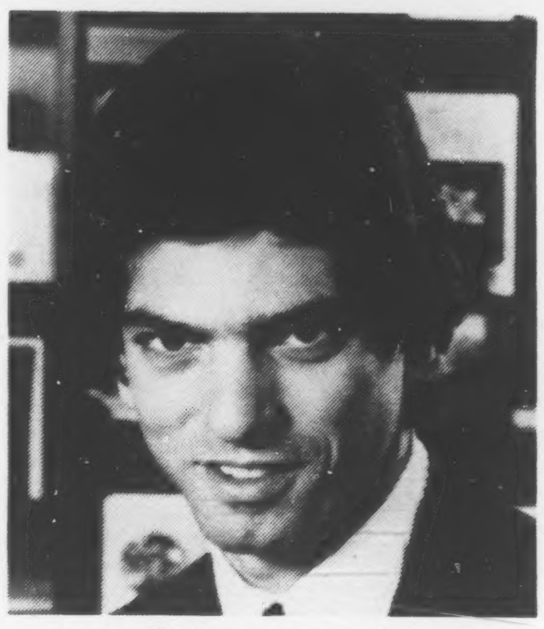
INNOVATORS

Controversial Haft, 31, Creates 1st Natl. Discount Book Chain

LANDOVER, Md. — A common dream among fathers is to take a son into the family business.

Robert Haft, 31-year-old son of Herbert Haft, 63, the founder of Dart Drug, had a dream of his own, however. Following in his father's footsteps as a retail innovator, he created Crown Books, today the retail jewel in the entrepreneurial Haft family holdings.

Crown Books, at nearly 200 units, has emerged as the first national discount book chain, giving full-mark-up giants Waldenbooks, now owned by K mart, and Dayton Hudson's B. Dalton a serious run for their money. Last year, Crown hit $91 million in sales, still a fraction of the $8 billion book market but way ahead of the $6 million it range up in 1978, its first year. Profits over the same period have gone from $178,000 to $4.9 million.


Robert M. Haft

Crown Books' successful formula hinges on: 10,000 titles, no-frills service and 10% to 50% discounts.

—Tom Tashjian, analyst, Prudential-Bache Securities

Largely because of Crown's flourishing, Dart Drug (which together with West Coast-based Thrifty Corp. controls 68% of Crown; the remaining 32% is publicly held) recently sold off its 74 drug stores and home centers in the Washington, D.C., and Richmond Metropolitan Areas. The Hafts sold the drug division for $160 million in a leveraged buyout deal led by Alvin Towle, the company's former president and now chairman of Dart Drug.

The Hafts have renamed their company Dart Corp., and are pegging its future on the expansion of its two main discount divisions, Crown Books and Trak Auto, an 100-unit auto parts chain.

Dart, with its razor-thin top management, for some time has given the appearance of being run like a private company. The Hafts, who refuse to speak with the press, own all voting shares. The lines of upper management are short: Herbert, Robert and Ben Kovalsky, a long-time Dart merchandising executive who recently moved over to head Trak Auto, run the show.

The Hafts also own and operate a discount wine and beer business in Washington, a few health & beauty aids discount stores in Richmond and a real estate company with some 20 shopping centers. None of these diversifications have been successful to the same degree as Crown.

The Background

Crown got its start in the late 70's, while Robert Haft was a student at Harvard. Inspired by the Cambridge, Mass., outlet of the New York City-based Barnes & Noble discount book chain, Haft developed a business plan for a national discount book chain which he presented to his father. In this case, the term "parent company" took on a literal meaning.

Since the first store opened in Landover in 1977, growth has been rapid. Today there are 39 stores in Washington, 25 in Chicago, 55 in Los Angeles and another 50 in San Diego, San Francisco, Houston and most recently, Seattle.

Not since the explosive growth of B. Dalton and Waldenbooks in the early 1970's had anyone caused such an uproar in the historically staid book business. By deep discounting *The New York Times*-listed best sellers by 35% and other titles from 10% to 50% on so large a scale, Haft changed the book business forever.

Indeed, Haft's concept has proved so successful it has prompted large diversified retailers like K mart, Dayton Hudson and, to a lesser degree, Rite-Aid, to all eye the format. K mart's recent acquisition of

(Continued on page 54)

3 ON THE MONEY.

10
5
Bill Gallo

DISCOUNT STORE NEWS' EXCITING NEW 1985 HOUSEWARES SHOW PACKAGE* LETS YOU REACH YOUR PROSPECTS BEFORE, DURING AND AFTER THE SHOW.

Discount retailing accounts for $6.9 billion in housewares sales annually—35% of all retail housewares sales.

And the Housewares Show is the time all the discount retailers are looking at what housewares manufacturers have to sell.

Now you can bracket the Housewares Show with ads in 3 issues of DISCOUNT STORE NEWS. The Pre-Show, the Show issue and the Post-Show issue. And make sure they see your products:

BEFORE: When they are making their plans.

DURING: While they walk the show and are in a buying frame of mind.

AFTER: When they get back to their offices—to remind them to place their order.

Take full-page ads (minimum) in each of these 3 issues and earn a substantial discount.

This is a totally new program. A first for DISCOUNT STORE NEWS and a first for your industry. And your company.

Show off your wares. Make plans for your 1985 budget. Reserve your space now.

*HOUSEWARES SHOW PACKAGE ISSUES AND AD CLOSING DATES:
MARCH 18/FEB. 20
APRIL 1/MARCH 6
APRIL 15/MARCH 20

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING
THE NEWSPAPER OF THE BIG LEAGUE CHAINS
Fred Filer, Publisher
Sales Offices
425 Park Avenue, New York, NY 10022 (212) 371-9400
1 Gateway Center, Newton, MA 02158 (617) 527-6394
444 N. Michigan Avenue, Chicago, IL 60611 (312) 644-8688
606 N. Larchmont Blvd., Los Angeles, CA 90004 (213) 464-8321
Lebhar-Friedman, Inc. The Voice of Retailing.

Haft Follows in Father's Discount Footsteps

(Continued from page 52)

Waldenbooks has the industry speculating about a discounter spinoff. Dayton Hudson's two dozen Pickwick Books, piloted in Columbus, Ohio, and Rite-Aid's recent purchase of 19-unit Crown-look-alike Encore Books, in Philadelphia, are both aiming for national growth.

"There are a lot of markets Crown is not yet in. The book segment is relatively devoid of discounters and there's a lot of fertile country out there," said Alex Grass, chairman and president of Rite-Aid.

Despite being both innovative and successful, Haft has made few friends along the way, according to industry sources.

Publishers and rival retailers refused to speak on the record about him and, his company's success notwithstanding, many of the book industry executives expressed only negative sentiments about the man and his operation.

How Dart's Deals Accompanied Crown Books' Growth

Year	Crown Books' Sales (millions)	Crown Books' Net Earnings (millions)	Parent Dart's Highlights
1982	$61	$2.3	Sold 50% of Trak's western operation to Thrifty Corp. for $5 million.
1983	91	4.9	In April, spun off Trak in first public offering, raised $38 million. In August, spun off Crown Books, raised $58 million.
1984	48*	1.6	Sold Dart Drug division, 74 stores, in leveraged buyout for $160 million.

*Six months ended 7/31/84.

Source: DSN research

By most observations, Haft appears immune to the criticism in that it hasn't altered his behavior or modified growth plans. Some reason it's because he's heard it all before—about his father, who was one of the pioneers in discount drug retailing. The older Haft had to weather the storm waged by his higher-priced competitors and fixed-priced-minded suppliers. What his father did for OTC drugs, Robert Haft, the second of three children, is achieving for books.

They come to retailing, however, from different directions.

His father is a self-made man who founded his empire on the pharmacy he opened in Chevy Chase, Md., where his mother worked as a cosmetician. Slowly, the Hafts branched out and by 1977 had grown to 74 stores, ringing up $172 million in sales. Those who give the senior Haft credit for his achievements, however, are less generous with the son even though his business credentials are founded on solid training.

Robert, who graduated from the University of Pennsylvania's Wharton School of Finance and got a Masters degree from the Harvard School of Design, gathered practical retailing experience working summers at his father's drug chain. In 1981, at age 28, and already president of Crown, he became president of Dart; his father moved up to chairman. (Last year, Robert earned $554,000 as Dart's president and $83,000 as Crown and Trak's chief operating officer. His father's compensation topped $1.7 million as Dart's chairman.)

Despite his background, some detractors suggest that "Herbert holds all the purse strings. He might also be pulling all of Crown's strings," according to one cynical competitor.

But Robert Haft laughs it off. In infrequent interviews in the past, Haft has said he chalks those remarks up to jealousy, to sitting on top of an industry at such a tender age. His supporters said, make no mistake about it, he is not just a rich man's son. They say Haft junior is a sharp retailer in his own right and they note he's been extremely creative in financing the growth of his chain.

In 1981, he sold Thrifty Corp. 50% of Crown and the rights to own and run stores in the West for $12.1 million. In 1982, Thrifty paid $5 million for 50% of Trak's western operations.

Last August, Crown raised close to $60 million in its first public offering (2.5 million shares) which it will use to double chain size to well over the 300-unit mark by the end of 1986. The chain will grow at a pace of approximately 50 new units annually, according to Crown quarterly statements.

As the head of Trak, Haft sold off 33% of its stock to raise $38 million and fuel its expansion.

In merchandising, Haft has applied the basics of discounting: he supports deep discounts (of 35%) on highly visible titles—*The New York Times*-listed best sellers—and backs that business with a large selection of remainders (up to 40% of total sales) where margins can often exceed 100%.

New-Store Plans

Each Crown Book store carries 10,000 of the most popular titles. His critics say Crown hurts the industry by focusing on the most popular selections with little regard for title longevity, but Haft asserts Crown has built book sales in every new market it has entered by attracting millions of new customers.

"Bookstores are very intimidating to a lot of people. I wanted to make it unintimidating. People shop in our store who've never been in a book store before," he's been quoted as saying.

Books are displayed face out at Crown, a book merchandising technique now widely copied; overstock is piled on the floor. Best sellers are strategically located on the back wall of each 3,000-sq.-ft. unit to encourage customers to first browse through the large remainder section, "Books For A Buck, Two Bucks."

Like other discounters, Crown also stresses self-service. Store personnel stay behind cash registers or restock shelves. They offer no special services like giftwrapping or mail order.

The stores are predominantly located in strip centers in-

(Continued on page 69)

Why buy any line when you can sell

HOT LINES FROM Wallace LEISURE PRODUCTS, INC.

The next big name in lifestyle furnishings.

31st & Jefferson Sts.
Phila., PA 19121

215/232-9900

Call or write for our color catalog.

Design-A-Table · Design-A-Chair · Design-A-Bed
Contemporary Seating · Hide-A-Way Table · Compute-A-Table
City Lights · Port-A-Lite Table · Folding Beds and Cots

Folding Shopping Carts

"ENGINEERED TO LAST"

- Front, rear and bottom body panels have welded unit construction for greater strength.
- Rigid double brace corners and reinforcing bars insure against bent basket.
- 5/8" welded seamless handle and solid steel 3/8" axle.
- Five models to choose from . . . immediate delivery from stock.

NICKLE CHROME PLATED
AND
LACQUER DIPPED
FOR EXTENDED USE

All Models are individually boxed with a UPC symbol on the label. A large illustration of a Shopping Cart appears on the face of each box . . . excellent for display purposes.

– FREIGHT PREPAID –

PARKER METAL CORPORATION
P.O. BOX 128, WORCESTER, MA 01613 / (617) 791-7131

FOR YOUR PROFIT IN 1985 VISIT
the 39th
transworld
housewares and
variety exhibit
January 11-15, 1985
O'HARE EXPOSITION CENTER
(NEAR CHICAGO'S O'HARE AIRPORT)
KENNEDY EXPRESSWAY AND
RIVER ROAD

THE BIGGEST BUYING SHOW IN AMERICA

The new...the exciting...the best traffic builders...the hot...the trend makers...the most profitable lines can always be found at this show.

2000 exhibits of general merchandise all on one floor of International Best Sellers.

A Show you can't miss if you want a Profitable 1985

For special low rates at hotels and airlines as well as advance registration contact

TRANSWORLD
EXHIBITS INC.

1850 Oak Street,
Northfield, Illinois 60093
Phone: 312/446-8434

Frank Brings New Meaning to 'Upscale'

Harold Frank

BRAINTREE, Mass. — Harold Frank could have been a fish out of water as a former department store executive working within the limits of a discount store format in the late 70's.

Instead, Frank made his mark on Bradlees by successfully directing the tide from basic piperacks to fashion oriented merchandise and displays.

Through Bradlees, Frank gave new meaning to the term "upscale" for the entire discount store industry.

Department store-bred discount chains including Target, Richway and Clover had previously defined upscale for competitors by sharp housekeeping, higher-price-point basics and use of department store fixtures such as circular racks in apparel.

Mechandising concepts such as shopification, fashion focus and lifestyle organization took definite shape within the walls of Bradlees, in the years after Frank joined as president in 1977.

Back lighting, valanced fingerwalls and even video monitors are now established parts of Bradlees' visual vocabulary and have been also picked up by several discount chains looking to improve their fashion presentation.

Some say it was simply a matter of Frank's being in the right place at the right time: Stop & Shop had defined the direction for its Bradlees division and had hired a department store veteran to get the job done.

But those who have worked closely with him and discount store competitors agree it was Frank's clear vision of what Bradlees could become and his determination to stick to that plan that made the difference.

More specifically, chain insiders say, he created an environment that encouraged—or forced—buyers to create fashion excitement in the mass-display format in both hard lines and soft.

"He gave us the courage to make the switch," one Bradlees insider recalls.

Those who couldn't share in Frank's vision, another insider added, are no longer at the company.

Adding It Up

Reformatting the stores didn't come at the expense of unit growth. In fact, while chain volume had jumped 22% for the first nine months of this year, store-for-store sales were up by only 10%—indicating that most volume growth comes from expansion rather than upgrading.

Since 1982, accelerated expansion included a purchase of 11 former Two Guys stores, seven of them clustered in central New Jersey; a single unit in Richmond, and 10 former Memco stores in the Washington/Baltimore area.

As a result, Bradlees' volume rose to close to $1.2 billion last year. The chain is within sight of hitting the $2 billion mark by 1987—a figure Stop & Shop projected earlier.

While one industry observer says Frank simply went in and cleaned up Bradlees' stores and concentrated on prime expansion deals, those inside the chain say he's altered the way of thinking, changed the corporate culture.

Today, Bradlees' merchandisers have a new attitude, one insider explained: "We no longer think of a top lid on our budgets. We used to say, for instance, 'My category does $6 million a store,' but now we constantly look for ways to get more out of a department."

The industry's hunch that Frank might have been happier in a department store gained credence late in 1980, when he returned to A&S as executive vp. He worked at the New York-based chain, where he previously had tenure, for six months, but family considerations sent him back to Boston and his still-vacant position at Bradlees.

The offers haven't stopped for Frank. Last fall Associated Dry Goods reportedly tried to woo him over as chairman of its hard-lines-oriented Caldor chain. Although neither Frank nor ADG confirmed that report, Frank's recent appointment to the Stop & Shop board of directors is generally considered by industry observers a sign of a persuasive counter-offer.

Lasker Meyer, who as chairman had lured Frank to A&S that second time, noted three reasons Frank is in demand. First, his varied background at A&S, Macy's, New York and Gold Circle. Second, a management style that keeps him liked by those who work for him. Third, Frank is "powerful in his beliefs."

The power of Frank's beliefs came across loud and clear last year at an annual discount industry gathering. "Bradlees is not a discount store," Frank told close to 500 suppliers and retailing peers as he accepted *DSN*'s discounter of the year award. "We're a budget department store."

Other discounters agree that Bradlees is no longer a discounter. It gets 60% of its business from soft lines, invests more in display and stresses higher-margin fashion items in hard lines areas such as housewares.

Frank's market niche is not an arbitrary one. He has explained on several occasions that Bradlees is going after the business that Sears and Penney deserted in their efforts to trade up. That identification of a store between discount stores and department stores went out to shoppers last year as Bradlees entered Washington, D.C., for the first time as "the department store with a difference."

Setup Is Refined

With the merchandising course set, Frank today is less visible in the merchandising operations at Bradlees. He has empowered a team, many of whom have department store experience at A&S, to continue to build on the direction he established.

The current organization took about two years to evolve. In 1982 the position of executive vp of merchandising was created. Harry Kohn—another A&S graduate, who joined Bradlees in 1979—was moved from soft lines vp to fill that new spot.

At the same time the number of vp/gmm slots was expanded from two to four: Merrie Ryan and Lynn Baker—two other former A&S merchants—were named to two of the posts, and Bradlees veterans Jim Hyman and George Granoff were named to the other two.

Last year, when Frank was elevated to chairman, Harry Kohn was named president. At

(Continued on page 60)

Bradlees Sweeps Past the $1B Barrier

Year	Sales (add 000)	Profits (add 000)	Stores
1979	$ 540,057	$28,199	83
1980	634,286	15,720	89
1981	718,790	25,940	91
1982	871,636	50,474	106
1983	1,182,815	80,460	127
1984^A	914,000	—	132

^ASales for 39 weeks ended Oct. 27.

Source: Annual reports.

ARE YOU BEING CHEATED?

Your battery profits should be better. Toshiba can show you how.

The Toshiba name already stands for high profits and product excellence. Now Toshiba brings these qualities to the battery marketplace.

With the highest profit structure in the industry and a full line of premium quality batteries to suit every need, Toshiba can maximize your battery profits. Call Dave Plesser, General Manager, at (516) 775-3200.

Toshiba—The Name Speaks For Itself. And You.

TOSHIBA

TOSHIBA BATTERIES
Division of Elmo Mfg. Corp.
70 New Hyde Park Road, New Hyde Park, NY 11040

The Express Rack by parsteel®

Steel
Reinforced

COMPLETE STOCK SHELVING AT LOW COST

The Express Rack, easy to install, with high versatility, simple add-on capabilities - Double Decking - Excellent for stock rooms, ready-to-wear, departments stores, discount stores and specialty stores.

COMPLETE INSTALLATION AVAILABLE

parsteel®
PRODUCTS & SERVICE CO., INC.
383 East 16th Street, Chicago Heights, Illinois 60411

CALL 1-800-323-1101
In Illinois 312-758-5800
FOR PRICES
AND/OR LITERATURE

notices of TRADE PROMOTIONS & ALLOWANCES

Phillips Petroleum Company is offering special wholesale discounts and allowances on Trop-Artic Motor Oil during the first two weeks of January 1985. For details and information on these special discounts and allowances contact:

Paul Shipman, Jr.
Phillips Petroleum Company
7C11 Adams Building
Bartlesville, OK 74004
(918) 661-6692

MANUFACTURERS SERVING THE RETAIL DISCOUNT INDUSTRY

If you are interested in placing your trade promotion allowance notice with Discount Store News, please call us at: 212-371-9400, ext: 259, for rates and information.

Emphasizing fashion instead of price points prompted Bradlees to add display walls and slat-backed fixtures starting in 1981. In Watertown, Mass., tabletop, including soft goods, is still being expanded.
(DSN photo)

Frank

(Continued from page 56)

that point Frank's priority became to oversee the chain's expansion efforts while Kohn continued to work closely with the merchandising brass.

All four vp's as well as Kohn and Frank were on hand last month when Bradlees unveiled its latest state-of-the-art store in Framingham, Mass. Frank walked the store with Stop & Shop chairman Carol Goldberg and later with the director of store design, closely examining new lighting fixture, spotlights on mannequins and new fixtures.

The merchandising executives were speaking in terms of their objectives to see their fashion goods receive fashion treatments on the selling floor—something they have been working on in cooperation with store planning.

"We tell our buyers to jump on the fashion trends as closely as possible to the department stores, so that in most cases we can have the same looks they do," one vp said.

Merchandising vp's also expect a store environment designed to help sell those fashion goods; that is part of the direction Frank established.

Frank's commitment to updating store presentation along with merchandise gained momentum by 1981 when walls were used in ladies' apparel to separate "shops," and hard lines "shops" were also unveiled in Hingham, Mass. In that store segregated areas were created in hard lines by canopies signed "living," "kitchen" and "housewares." In that store the chain first began to cut down its use of gondolas and increase lighted walls and bulk displays on low pedestals.

That Hingham store became Bradlees' model for several stores opened in New Jersey and New England the following year. In New London, Conn., that year, Bradlees began to refine its home store concept, focusing further on the fashion of appeal of soft and hard items for the home.

New Approach

In 1983 the home store concept was unveiled in East Hanover, N.J., with valanced walls and back-lit displays helping the upgrade. That concept included a bath shop, bed shop, window, living and tabletop shop, each as a separate focus area.

By the time Bradlees hit Washington late in '83, video monitors in five departments, a Barnes & Noble book department, oriental rugs and leased beauty salons were part of the shopping environment.

The fine-tuning goes on: This year the chain upgraded its restaurant with expanded menus and continued to expand tabletop housewares as a fashion section including soft goods in its Watertown, Mass., store.

Most recently, Bradlees launched a new MTV-inspired juniors department fashioned after Limited Express, a greatly expanded accessories area with handbags, millinery, jewelry, casual hosiery and sheer hosiery displayed under spotlights in the infield.

Framingham takes another step in the evolution of housewares to a fashion category, this time with almost no gondolas at all.

The Bradlees thinking calls for continuation of change and refinement, a constant improvement of presentation and testing of higher-priced fashion items.

"We're watching this store and planning the next step," one merchandising vp said.

Venture

To our valued resources...

Our policy concerning gifts:

We would like to take this opportunity to restate our policy concerning gift-giving. This policy applies not only during the upcoming holiday season, but all year long, on any occasion.

Despite well-meaning intentions on the part of the donor, gifts of any kind are a violation of Venture policy.

For the mutual protection of our resources, our Associates, and our Customers, we, as a policy, prohibit our Associates from accepting gifts, gratuities, payments or favors of any kind. Any gifts received by a Venture Associate will be returned to the donor, or donated to a charitable organization.

Our Associates are fully aware that violation of this policy is considered a very serious matter. We call upon you to assist us, and our Associates by refraining from giving or offering such gifts.

Your awareness of this policy, and your cooperation in enforcing this policy, will help to foster the continuation of a close business association.

We would also like to take this opportunity to thank you for your contributions to the success of Venture this year. Best wishes for a happy holiday season, and a prosperous New Year.

Don R Clarke
Dor Clarke
Chairman

Julian Seeherman
Julian Seeherman
President, Chief Executive Officer

The DISCOUNT MART

BUSINESS OPPORTUNITIES

Placement Specialists
retailerner

AN OPPORTUNITY DESIGNED
FOR RETAIL EXECUTIVES
Operate your own business
Control your destiny

THE RETAIL SEARCH & PLACEMENT INDUSTRY is booming in the 80's. It is an exciting business, constantly changing with new experiences and rewarding challenges. **ALAN LERNER ASSOCIATES** is one of the nation's prominent leaders in the field of **RETAIL EXECUTIVE SEARCH & PLACEMENT**, and we are looking for individuals to join our team as **FRANCHISEES**.

If you are self-motivated, enjoy working with people, and want the autonomy of a well-supported franchise, we would like you to consider becoming a member of our group. Take advantage of a "Built-In" home office to assist in the facets of running a successful operation.

Retail Executives possessing entrepreneurial skills, interested in the opportunity to become financially independent, should call or write **ALAN LERNER, PRESIDENT**, for complete details about our franchise opportunities in selected market areas. All replies in confidence.

Franchise offering made only by formal prospectus.

(617) 964-7722
200 Boylston Street
Chestnut Hill, MA 02167

ALAN LERNER ASSOCIATES

MISCELLANEOUS

WAREHOUSE OF FIXTURES

3720 Laclede—St. Louis, MO 63108
314/534-3250

FEATURING:

Hundreds of Sections
Fine Lozier, Streator Gondolas, plus others,
Tables, Garment Racks, Shelving, etc.

Let Us Bid on Your Office,
Warehouse & Store Equipment

314/534-3250

POSITIONS WANTED

EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

44 year old results-oriented shirt-sleeve executive offers over fifteen years of significant experience & an outstanding & extensive record in retail operational-oriented financial functions, analysis, cost control & M.I.S. Exceptionally skilled in profit improvement, inventory control, cash flow management & P.O.S. design & implementation. Highly regarded in the business, professional & banking community. Excellent communicator & people motivator. (201) 944-3262 or

Box 4371, Discount Store News

Tell them
you saw it
in
Discount
Store News!!!

WE BUY
SELL
LEASE
AND SERVICE
POINT-OF-SALE
EQUIPMENT

We're your one-stop source for remarketed P.O.S. gear with a large inventory of terminals and scanners.

NCR IBM

ALL MODELS

If you need point-of-sale equipment and want to save up to 45% on the price of brand new equipment, call Dataserv.

We'll make an attractive offer to buy your existing equipment or take it as part of a trade transaction.

Call TOLL-FREE (800) 328-6729
to find out where the nation's leading retailers are shopping.

dataserv
*When you know **why** and **what** to buy.*
*Let us show you **how**.*

Address Box Replies To:
Box #
Discount Store News
425 Park Ave.
New York, NY 10022
Att: Classified Department

Fauber Isn't Afraid to Delegate

(Continued from page 18)

fort.

But once programs are under way, he lets them run, his colleagues said. "Store visits are his best feedback mechanism," said a store planner.

To keep the feedback coming, Fauber conducted 250 surprise store visits this year with a brass team from Troy. "He doesn't want to spend three years developing store layouts and planograms, and find store managers not conforming. Everyone knows they can be seen anytime," the store planner added.

Not everyone in the field has accepted these new disciplines easily. Despite Fauber's roots in store management and the positive changes he's fostered, many store managers "fear that K mart's historic family feeling is being displaced by an emphasis on numbers," the planning executive said.

And, there are some store managers who say they perceive little response from Troy to individual store problems, recalling personnel shifts after earlier visits when the brass team was dissatisfied.

Despite some disaffection in K mart's field staff, the vast sweep of in-store changes has prompted competitors to watch K mart more closely for presentation and assortment ideas.

Concept Hailed

K mart's Kitchen Korners, for example, have produced 40% sales gains and 1.5% gross margin improvements in the department's performance. "They're ingenious and economical," one northeastern chain vp raved.

With all that he's done, however, insiders and outsiders note that Fauber has made no obvious efforts to groom a successor, though he's just three years away from mandatory retirement.

Like Harry B. Cunningham, Fauber will move onto the board of directors where he can play a major behind-the-scenes role, K mart watchers suspect.

Cunningham, the individual generally credited with transforming the company from a variety store chain into a discounting powerhouse, was involved in every major corporate decision from 1972, the year of his active retirement as chairman until 1982, when he left the board, chain executives have long acknowledged.

In fact, Cunningham continues to influence K mart, as Fauber regularly consults with him on all major plans, said one current board member. That relationship goes back to 1965, when Fauber was Cunningham's executive assistant. Later, Cunningham was instrumental in Fauber's move onto the chairman's seat following Fauber's success out West

Wall Street noted that Cunningham gave Fauber another vote of confidence when he bought 50,000 shares of K mart in 1981 for his own account.

Fauber worked as a Kresge stock clerk earning $12.50 a week in the Depression to help support his parents. As he rose at K mart, "I looked only at the job I held . . . Do good where you are and you will move on up," Fauber told a reporter in his hometown Roanoke, Va., where he grew up the son of a dairy driver.

Price Combines Acumen and Morality

(Continued from page 40)

was to be a discount store for small businesses and he would pass on the savings to them from the better buying and lower operating cost experience gained at FedMart," he said.

While his associates agree that Price has mellowed since his hard-driving, tough taskmaster days at FedMart, he still has the same principles and convictions and is as sharp and astute in his observations of retailing and his own business.

One source with another wholesale club said: "It's much tougher for me because I don't have a Sol Price image to lead the pack. His name is a legend in the California market. His reputation exceeded his following. At FedMart he ran a clean operation, he sold top quality merchandise at low prices, he fought Fair Trade, he was always on the consumers' side."

Another source explained: "He is consumer oriented, trying to see things from the consumer's viewpoint. While he didn't have a merchandising background, he has always felt that the best way to be a good merchant is to be a consumer and to have that focus."

A third recalled his days at FedMart: "I remember him threatening to fire me because I was too successful on a promotion. I bought a big consumer electronics closeout and sold out in one week at a 50% gross when we were probably running electronics at about a 25% margin. He just raised holy hell that I went up on margins so much; the benefit should have been passed on to the consumer."

And the recollection of another: "I remember in board meetings he'd say: 'We don't deserve to make that much money. I want margins cut.' That was a moral judgment, not a businessman's judgment."

But, the source added: "On the other hand, it might have been a businessman's judgment, because if we lowered our prices, lowered our margins, we would be that much leaner, be able to survive competition and be around much longer. But it was presented on his side very much from a moral perspective."

That forthrightness has generated deep awe among retailers who have worked with Price.

Price has downplayed his stance at the Price Club, instead letting the focus on attention fall on his son and successor, Robert.

However, Sol is still seen as the driving force at Price Club, even if he is doing it from the wings, rather than center stage.

Robert, at 41, 26 years younger than his father, has been trained and molded by Sol, one source said. "What makes Robert successful is that he firmly follows Sol's philosophy."

Another noted: "Robert isn't as dynamic as his father. Few people can be. But Sol's momentum has become so strong, it will keep on going."

Summing up, another said: "Without a doubt, Robert is a superior intellect. When you work with a genius for 20 years you better have something. As for Sol, probably the hardest thing for him to deal with now is the true reality of mortality. He'd probably trade all his wealth for youth."

Lazarus's Next Goal: $2 Billion Sales

(Continued from page 31)

he wouldn't be the first to volunteer."

Lazarus has also made a lot of money for a lot of people. By hitting chain goals, many TRU executives are today millionaires. Store-level personnel, through profit sharing and stock option programs, have also profited handsomely. Last year, 1,400 employees were granted a total of 781,026 options.

But, the chain had a bumpy start. After transforming his father's bike shop to a juvenile furniture business and then to a pure toy mix, Lazarus sold his four-store operation to Interstate in 1966 for $7.5 million in cash. The chain grew to 47 units under the Interstate umbrella but the move almost proved to be disastrous.

Interstate, the parent company of Topps and White Front discount stores, declared bankruptcy in 1974, primarily due to poor management and misguided expansion. As Interstate was being pieced out to its creditors, Lazarus, then described as "the tail that wagged the dog," fought to keep control of his company.

During the bankruptcy, TRU continued to grow and in 1978, the chain emerged from the Interstate self-destruction, 63 units strong and Lazarus has since paid back all creditors and banks 100%. The stock issued that year has seen a 20-fold increase. It has split three for two in each of the last four years and is currently hovering near its high of 52⅞.

Strengths Examined

As TRU's stock climbs, Lazarus is poised to lead his company into the 21st century and he leads by example. Blessed with a dynamic speaking ability, he is not adverse to getting his hands dirty—if they're needed to help straighten up product on shelves. His philosophy is "nothing can't be accomplished" and his intensity is the thread running through TRU, from top to bottom. Despite the casual appearance at headquarters, employees "would walk through glass for him," said an ex-TRU store manager.

This attitude has helped result in more productivity—comparable-store sales were up 13.5% last year, 19.5% in fiscal 1983 and 16.3% in fiscal 1982. TRU has increased its market share 1½% in each of the last four years, which all translate to Lazarus' bottom line goal—more.

Although it is purely speculation, people who know him say Lazarus admires other overachievers like himself. One of these people, Sam Walton, named him to Wal-Mart's board of directors last summer, the only board Lazarus sits on besides his own.

"I teased Charles: 'Now that you're on Wal-Mart's board, does that mean you've given up on entering their territory? It's inconsistent with your philosophy. It's unlike you to give up on getting more,'" said Loomis. "Charles said, 'Walton has more.'"

At least, for now.

Frankel Sticks to Roots

(Continued from page 50)

The opportunity presented to a buyer still has to return a profit.

"We happened to be offered a closeout of 36,000 cases of wine by a major producer who happened to market his product unsuccessfully. We took a gamble and bought the goods, contingent on getting liquor licenses for the store. In recent years we probably go through 100,000 cases of wine a year and wineries keep coming to us with the overflow."

The first buy "was just a gut-felt decision. Here's a bottle of wine that sold for $5 or $6. We looked at the packaging, we tasted the wine and said we could sell it for 98¢ a bottle, based on our usual margin, and we did."

While sticking to Pay 'n Save's origins, the company has slowly evolved a more formal management structure. Neither Frankel nor Zimmerman are business school graduates, so a large part of the early growth was due to practical experience. Today, however, a growing number of top executives have business school degrees, including Arthur Borie, executive vice president and chief operating officer, and Bill M. Thomas, executive vp and chief financial officer.

Frankel is proud that the chain has retained its informality while becoming more professional—and all the time using practical experience to grow.

He related an incident involving his son, Richard A. Frankel, vp-merchandise manager, who is a Texas A&M graduate with a degree in business administration:

"One day shortly after Rick graduated he was in the office and heard a conversation. Rick said: 'I didn't learn that 'til my senior year in college.' I told him: 'It took me 20 years to learn that; isn't it better to learn in college and then be able to put it into practice right away?'"

Jamesway Executives Are Honored

NEW YORK — Herbert Fisher, chairman of the board of Jamesway, and Arlie Lazarus, its president, each received the Eleanor Roosevelt Humanities Award at a national industry dinner held Nov. 11 at the Waldorf Astoria hotel, in association with State of Israel Bonds.

More than $3.75 million in Israel Bond securities were purchased during the event.

Before more than 650 leaders in the retailing industry, the two Jamesway executives were presented with their awards "for outstanding service to humanity and devoted friendship and support for Israel in the spirit of Eleanor Roosevelt."

Herbert Rosen, president of Spencer Companies, of Boston, served as national dinner chairman; Brendan T. Byrne, former Governor of New Jersey served as honorary chairman.

Jamesway's Herbert Fisher (center) and Arlie Lazarus (top, left) received the Eleanor Roosevelt Humanities Award. With them were Herbert Rosen (top, right) of Spencer Companies; Gov. Thomas Kean of New Jersey (bottom, left), and former Governor of New Jersey Brendan T. Byrne.

Thomas H. Kean, Governor of New Jersey, was the principal speaker. Ambassador Aryah Levin, Israel's deputy permanent representative to the United Nations, offered his greetings from the state of Israel.

Discounters vs. Old-liners

Department	Cum. Markup		Markdown		Stock Shortage		Gross Margin		Turns		Sales as % of Total Volume	
	Disc. Store	Dept. Store	Disc. Store	Dept. Store	Disc. Store	Dept. Store	Disc. Store	Dept. Store	Disc. Store	Dept. Store	Disc. Store	Dept. Store
Women's Dresses	44.3%	51.1%	18.4%	24.8%	3.0%	3.7%	34.1%	41.8%	4.5	3.8	1.1%	3.4%
Lingerie, Robes, Sleepwear	44.1	52.4	9.3	11.1	0.9	1.7	38.2	51.4	3.8	4.0	2.5	2.9
Men's Wear	42.3	50.4	11.2	14.4	1.3	2.2	35.0	43.8	3.9	3.1	6.9	12.8
Girls' Wear	45.2	51.4	13.8	19.6	0.9	1.9	36.6	45.4	4.3	3.9	2.3	1.9
Boys' Wear	42.8	48.2	11.6	15.8	0.4	2.2	35.3	41.2	3.6	3.0	2.5	0.4
Infants' Wear	36.1	50.4	8.4	14.7	0.7	1.6	30.3	46.1	4.1	3.4	2.8	1.3
Domestics	41.4	45.8	11.6	10.7	0.9	1.2	34.1	41.9	2.8	2.1	5.2	3.5
Automotive	33.3	NA	9.7	NA	1.5	NA	25.7	NA	2.9	NA	4.0	NA
Hardware	37.8	NA	9.0	NA	2.3	NA	31.0	NA	2.6	NA	3.0	NA
Housewares	40.2	44.4	11.7	11.6	0.8	1.5	33.4	39.5	2.9	1.8	4.4	1.9
Traffic Appliances	24.2	26.0	9.6	7.3	1.5	1.6	15.9	20.9	3.5	2.8	2.4	1.3
Sporting Goods	32.5	44.7	8.6	19.5	2.2	3.6	26.7	34.0	2.4	2.0	3.2	0.6
Sight & Sound[A]	25.4	26.8	9.9	7.8	2.9	1.6	17.4	21.3	3.0	3.2	4.9	3.7
Toys	33.9	43.0	8.0	12.0	1.3	1.9	28.1	36.9	3.5	2.6	5.7	0.5
Stationery/Greeting Cards	43.6	44.8	6.7	7.9	1.1	2.2	39.4	40.2	3.7	2.7	3.0	1.5
Candy	23.1	46.9	5.8	8.3	1.2	2.2	18.1	41.4	8.3	6.0	3.5	0.4
Drugs & Cosmetics[B]	25.5	39.2	5.7	0.9	1.9	1.0	20.3	38.9	4.1	3.2	7.8	6.6

[A] Includes records and tapes. [B] Includes proprietary drugs.

Source: NMRI Operating Results for Self-Service Dept. Stores, 1983-84; NRMA 1984 MOR Report: Merchandising and Operating Results of 1983

Chains Keep Up Strong Promo Stance

(Continued from page 1)

sales increased in 10 of the 17 highlighted merchandise categories for discounters. But, sales put additional pressure on traffic appliance margins (down from 18.25% to 15.89%); sight and sound (16.99% to 15.90%); candy (19.84% to 18.13%); drug/health & beauty aids (21.28% to 20.32%), and automotive accessories (25.67% to 23.34%).

For department stores, the bottom-line pressure was more intense. Only 4 of 15 categories analyzed finished the year with a healthier bottom line: candy (up from 41.2% to 41.4% of sales); women's dresses (40.6% to 41.8%); women's intimate apparel, robes and sleepwear (50.6% to 51.9%), and toys as cited above.

That discounters had reacted positively to the improved economic environment and built inventories was all-apparent.

Inventory turnover was substantially improved for both groups.

For discounters, stock turns were up in 12 of 17 categories. Nine of 15 department store departments enjoyed increased turnover, compared to the year-earlier period.

Also a sign of an improved economy: stock shortages slowed in 8 out of 17 discounter departments and 4 of 15 department store areas.

Woolworth's 1st Deep-Discount Drug Stores Set

NEW YORK — Woolworth will get back into discounting in March when it opens two deep-discount drug stores in the Philadelphia area.

Three more stores will be opened in 1986 in as yet undesignated locations.

John W. Lynn, the chain's chairman and ceo, said the still-unnamed venture is modeled on other deep-discount drug stores which sell H&BA items in great volume and keep operating costs low.

Read

CLASSIFIED ADS

every issue

in

Discount Store News

Bigger ShopKo Will Replace Older One

GREEN BAY, Wis. — ShopKo will more than double the size of its store in downtown De Pere, following an agreement reached with the De Pere Redevelopment Authority.

A new 67,000-sq.-ft. ShopKo will be built adjacent to the present 33,700-sq.-ft. store. Upon completion of the new store, the older structure will be demolished and replaced by a 275-car ShopKo parking lot.

The new store will cost $4 million, including construction, inventory, fixtures and the parking lot, according to a company spokesman. ShopKo paid $367,000 to the city of De Pere for the land for the new store.

Construction of the store will begin on Aug. 1, 1985, one month after ShopKo takes possession of the parcel of land.

Haft Reshapes Book Biz

(Continued from page 54)

stead of high-rent malls, which are often anchored by one of its parents, Thrifty or Dart.

Haft, who visits some stores weekly, and reportedly all units once a year, has said that when he walks into a Crown, he feels like he's in his own livingroom. In fact, he's listed in the Washington telephone book as Robert Crown Haft to avoid confusion with another Robert Haft in the directory. A few years ago, he listed himself as Robert Dart Haft.

He is, clearly, the one and only spokesman for his chain, becoming something of the Frank Perdue of book retailing. Like the Maryland-chicken grower, who became famous for appearing in his own quirky TV commercials, Haft in his TV spots appears in shirt sleeves and vest saying, "Now, you'll never have to pay full price again." A poster of the ad appears in many Crown stores.

This slogan, along with the battle hymn, "Books cost too much," has been the subject of heated debate in the publishing community.

Publishers criticized the way Crown uses their co-op funds to blast away at suggested book retails. Several contacted complain about Crown's habit of returning large quantities of books that were originally ordered to support the co-op advertising—but none would speak for the record.

Crown's competitors are also up in arms, because they feel Crown's slogan is misleading in that, in the case of remainders, Crown charges full publishers' remainder prices, contrary to its promise of "never having to pay full price again."

One executive at a competing discounter book chain said, "His ads make us all sound like a bunch of ripoff artists." Most book chains, including Crown, don't discount their remainder selections.

In fact, the remainder business is what makes heavy discounting of other titles even thinkable but there has been much industry talk that the well might be running dry.

As publishers pull back on new releases, and with the elimination of the ploy of overprinting hardcover titles to jack up paperback rights, the future of Crown and all discount book chains might be in jeopardy, with fewer remainders to sell.

But, most observers feel Haft will persevere. As for his future, industry speculation has him taking Crown private, once and for all, and then there are those who say Robert will again team up with his father and go into some new discounting business—together.

Circuit City to Pay Akron

(Continued from page 3)

ed lease obligations.

Under the terms of the Zodys agreement, Circuit City has the right to terminate the contract on Feb. 28, 1986, by giving Zodys notice in June 1985.

According to industry estimates, those CE departments produced about $100 million, nearly one-third of Zodys' volume last year. Officials from Zodys could not be reached for comment on the potential impact of the Circuit City pullout.

If Circuit City cannot negotiate this "accelerated termination" it "may delay the opening" of the new stores or the chain may operate a limited number of them while continuing to operate in Zodys, the stock prospectus said.

Circuit City currently operates a 150,000-sq.-ft. distribution center in Los Angeles to service the Zodys licensed departments. The company has stated it will maintain its facilities, support staff and a "substantial portion of its department employees" for the California Superstore operations.

Circuit City operates 48 CE and appliance retail locations under the names Circuit City and Circuit City Superstores in the Southeast and the Washington, D.C. area. Another 12 stores operate in the New York Metropolitan Area under the name Lafayette/Circuit City. In addition to the 38 licensed departments in Zodys stores, it operates two other stores in Los Angeles under the Zodys name.

In its most recently completed fiscal year, ended Feb. 28, Circuit City had net earnings of $12,009,000 on sales of $356,708,000. In the six months completed Aug. 31, net earnings totaled $7,477,000 on sales of $202,250,000.

Planned renovation costs of the southern California sites are expected to average $900,000 a store.

Nichols to Spend $30M to Roll Out New Prototype

(Continued from page 1)

copy us now that they've spent so much to refurbish their stores."

Nichols made this move during a fiscal year in which its 42 stores were 10% ahead of last year's $277 million sales pace, or $85 per square foot (gross space), which lags behind the industry average of $134, according to *DSN* research.

As Nichols adds two units identical to this next year, in Bath and Oneonta, N.Y., and remodels stores into 1987, Brecker expects chain productivity to move closer to his $125 per square foot goal.

Nichols' first remodels will be in Chambersburg, Pa., 28 miles from Hagerstown; Dover, Del., and Utica, N.Y., probably by next spring, said Brecker. He projected the chain would retrofit as many as five stores in 1985, and 12 to 15 apiece in 1986 and 1987.

Nichols, which operated stores in three separate formats until now, will be remodeled in sweeps of each format at a time for greater speed, Brecker explained.

Also, by renovating all stores and bowing new units in the new mold, Nichols expects to catch up to other discounters who've already raised their soft goods share of sales. Brecker projected that Nichols' apparel and domestics sales share could rise from a current 25% level to 30% "by sheer impact of presentation," and listed new stylized dove gray mannequins, red carpeting and black and yellow tubular fixtures as fashion elements that could contribute to the gain.

Store changes, designed with Atlanta-based Miller/Zell at a remodeling cost of $750,000 to $800,000 per unit, include a race track aisle, improved adjacencies, varied height fixtures and striking use of color and signage to strengthen department classifications. "We've now raised presentation levels to match our merchandise," Brecker declared.

MENSWEAR
SPORTSWEAR

New fashion mannequins, fixtures and stronger apparel classifications at S. E. Nichols' Hagerstown, Md., prototype are expected to help raise the chain's soft goods sales share to 30% from the current 25%.

He revealed that Hagerstown's product mix and pricing are identical to the rest of the chain, and noted that this site—Nichols' fifth within a 100-mile expanse—significantly improves advertising efficiencies here. The store co-anchors a strip center one mile from a refurbished K mart and three miles from a Zayre, but more than 20 miles from the nearest Nichols to avert sales cannibalization, Brecker said.

Nichols introduced its first shop concepts here, including the 60- x 40-ft. awning-covered Corner Store, made up of the chain's first snack bar, plus candy, tobacco, sweets and sundries displays. "We sought a hometown feeling. Every hometown has a corner store," said Bill Yonke, director of store planning and visual merchandising.

Here also are two life-size painted mimes on the wall, which greet shoppers and help set a somewhat whimsical tone for what's ahead in other parts of the store.

That includes other shops, such as:

- Horticulture, where a red grillwork gazebo, framed in white, is the visual focal point.
- Home Lifestyles, where furniture, lamps, mirrors and clocks are displayed under a massive 4- x 30-ft., backlit, canvas sign.
- Housewares, where the overhead sign, bordered by photos of products in use and their brand names, reads "house" in script and "wares" in a stylized block lettering common to most signs throughout the store. The department is segmented into separate tabletop, cookware, traffic appliances, plastics and cleaning/chemicals areas and is filled with feature tables.

Across the aisle, giftware displays are on etageres rather than gondolas, and silk flowers surrounded by white open gridwork are the visual focal point.

- The Kids Store, where boys', girls', infants' wear and accessories displays are on yellow chrome fixtures and elevated platforms. Fingerwalls and overhead 4- x 4-ft., backlit transparencies showing children of different ages help further classify the merchandise.

Moreover, in the girls' department, a ceiling-high cluster of 48 balloons hangs above a pup tent-shaped umbrella imprinted with "girls" and a likeness of the balloons. Kites and umbrella fixtures achieve similar effects in the boys' department.

Women's wear exhibits little whimsy, although its fashion tone is set by a pair of stylized dove gray mannequins to action poses by the main aisle. Black T-frame fixtures better divide hosiery, robes and undergarments. A flamingo pink neon sign delineates intimate apparel.

One dramatic visual occurs in sporting goods, where a torso mannequin lifting barbells emerges from the wall above displays of exercise equipment.

The store's eclectic look is unified in several ways, said chain spokesmen:

- All signs are in a stylized block lettering with laser-thin horizontal lines cutting through.
- All fingerwalls have lifestyle photos and store propositions on them, such as "It's style" or "That's value" or "Our promise to you."
- Pricing cards, patterned after the ones used by Sears, measure 7 x 11 in. and have 2½-in.-high numbers.

Nichols developed the store after conducting marketing research a year ago. Findings showed the chain needed massive presentation improvements for it to capture 18- to 24-year-olds and shopping families earning more than $35,000 annually. "If we're correct," said Brecker, "we'll satisfy both ends of the spectrum, young and moneyed customers, and our middle-class shopping base."

The Hagerstown store, drawing for 15 miles, met chain officials' expectations as it scored Nichols' biggest opening week ever, Brecker said, without revealing the take. That may have been due in part to a good-humored newspaper campaign in the market begun 12 days before the opening. "Will Nichols Make It? Yes or No?" days later became "Yes We Will. Come and Watch Us."

Nichols sought to take advantage of the store opening in chainwide advertising plans by dropping a weekly chainwide flyer and pushing its Thanksgiving book ahead by a week, said Brecker.

The store is also testing new computerized surveillance and energy management systems, and a seamless fabric exterior store sign that's supposed to resist breakage.

High-Tech Security Devices Get Play

(Continued from page 3)

of the most effective ways to combat theft. A total of 13% of retailers who used the monitors judged it to be most effective, a 6% increase over the previous year. The feeling was especially evident among mass merchandisers who have installed TV surveillance, as 17% of mass retailers said it was the most effective deterrent, a 10% increase from 1982's results.

Interestingly, polygraph or lie detector tests, a long-debated issue in the industry, were used by about two-thirds of correspondents but only 5% of those polled indicated it was an effective shrinkage preventative.

Despite the apparent failure of polygraphs to produce results, retailers agreed they should implement better screening techniques for new personnel and increase employee awareness by offering rewards to help them control pilferage.

A Closer Look

According to the report, employees still account for the greatest share, 44%, of total shrinkage. Retailers attributed 30% of total shrink to shoplifting and 22% to poor paperwork control. Although employee theft appears to have declined from last year when it accounted for 50% of total shrinkage, Cook attributed the 6% decrease more to a change in the questionnaire. In this year's survey, retailers were asked to evaluate the scope of vendor theft separately, which accounted for 4% of total shrink. In the past, it had been included in the employee theft figure.

Retailers polled said 40% of employee theft occurred at POS and 22% occurred on the selling floor rather than in the stockroom or warehouse areas.

Merchants are also becoming more aggressive in following through on shrink control policies. Prosecutions, as a percentage of apprehensions, increased to 63% and were highest at the mass merchandising level with a 65% prosecution rate. Department stores prosecute 55% of those apprehended and specialty stores, 42%. Convictions stayed the same from the year before, a 93% rate.

Overall, 72% of all apprehensions were attributed to customer shoplifting.

Ironically, retailers identified the majority of those apprehended as their No. 1 target customer, the young adult, 18-35, age group.

Young adults also accounted for the lion's share of employee apprehensions, which directly corresponds to the greater number of young adults in the retailing workforce today.

More than two-thirds of all employees apprehended were cashiers and selling floor personnel. For department stores, 59% of the apprehensions involved selling floor personnel; mass merchandisers reported only 22% in that employee group.

Lionel Eyes Green Light

(Continued from page 2)

based investment holding company and leveraged buyout specialist. The offer is subject to several conditions which neither company would comment on.

Meanwhile, Lionel continued to score healthy gains through the third quarter. Sales for the quarter were $76,056,000 compared to $57,708,000 for the same period last year. For the nine months, sales were $209,901,000 vs. $158,890,000 for the corresponding period in 1983.

Net income for the third quarter was $1,520,000 compared to last year's net loss of $3,038,000. For the nine month period, Lionel's net income was $6,219,000 compared to a net loss in the same period of 1983 of $7,551,000.

During the third quarter, Lionel, which currently operates 53 toy supermarkets, opened a new unit in Baltimore, which replaced an older store in the same market.

Skydivers Enliven Jamesway Bows

SECAUCUS, N.J. — Jamesway opened its 84th and 85th stores in Bethlehem and Whitehall, Pa., marking the events with skydiver shows.

The parachutists scattered tokens to the crowd as they descended onto the store's roofs. The tokens were redeemable for various prizes, the most valuable of which was a television.

Both of the 60,000-sq.-ft. units were formerly Two Guys stores. Each remodeled store is estimated to employ between 75 and 100 people.

Service Mdse. in Deal?

(Continued from page 3)

showrooms by using a format that has most nonjewelry categories displayed in a sample-only presentation in glass showcases, with jewelry a salesclerk-serviced area.

The mini-showrooms are spotted as satellites to larger, 50,000-sq.-ft. stores, in which most nonjewelry categories are self-service, mass display areas.

The Philadelphia-based chain reportedly being eyed by Service Merchandise has showrooms in the 50,000-sq.-ft. range.

The four acquired Towers has raised Service Merchandise's showroom count to 182 units, with 23 having been opened this year. Six are already set for 1985.

A total of 12 Mr. HOW Warehouse stores are due by the end of the year, with another dozen already planned for 1985. The cataloger went into the warehouse home center field last year when it acquired the first Mr. HOW Warehouse, then called HomeOwners Warehouse.

Heck's Switches To Red For Qtr.

NITRO, W. Va. — Heck's posted a net loss of $1.8 million for the third quarter, ended Sept. 30, 1984, compared to a $2.8 million profit during the same period last year.

The loss, said Heck's, was due to costs incurred during this year's store remodeling program which involved 105 of Heck's 125 units, and to write-downs on discontinued merchandise eliminated as a result of this program.

For the four weeks ended Oct. 27, 1984, sales rose 2.6% to $36.5 million from $35.5 million for the similar period of 1983.

Toy Chain Census: Pp. 18-36

Spring Car Care Buy-in: Pp. 47-59

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING

VOL. 24, NO. 2
Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.
$2 per copy
JANUARY 21, 1985

Electronic 'Retailers' Are Here—to Stay?

By ARTHUR MARKOWITZ
Special Projects Editor

Forty-one of them are already out there, selling goods to consumers without merchandise or sales clerks—and hundreds more are on the way.

What are they?

Machines that herald the coming of age of electronic retailing in such places as stores and malls.

These machines are computer controlled, use laser videodisks to show merchandise on TV monitors and provide touch-screen selection and ordering of goods; they mean that the technical aspects of electronic retailing have been conquered.

The key questions still have to be answered: whether consumers are ready to shop this way—and in large enough numbers to generate the volume needed to make this type of retailing viable.

The answers could start to come this year.

Four companies have recently announced or begun testing electronic retailing systems. Forty-one machines from three of these firms are already in place in malls and retail stores and more are due to go into service in the next few months.

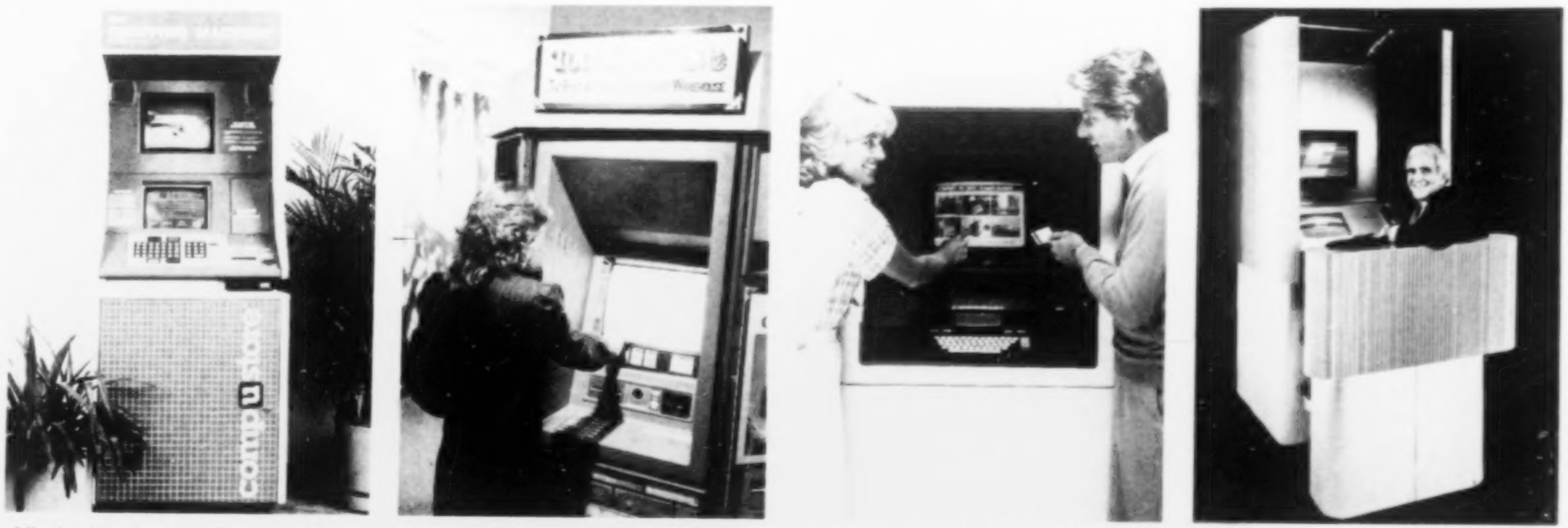
These machines, in the form of freestanding kiosks located in such places as stores and malls, comprise the on-site, interactive segment of the electronic retailing field. The other segment is at-home shopping via computers (and will be covered in a future issue of *DSN*).

As a whole, electronic retailing is expected to account for 6% to 20% of total retail sales by 1990, depending on the prognosticator. On-site, interactive systems are seen as the fastest growing area.

The four companies currently pioneering this segment are Comp-U-Card with its The Shopping Machine; CompuSave and its Touch-n-Save unit (both of which fulfill orders for merchandise "stocked" by the machines at discount prices); By-Video's UniPort and R. R. Donnelley & Sons' Electronic-store (both of which supply just machines and operating programs to retailers).

The Shopping Machine is now being tested in a one-year pilot program in a dozen stores. Ad-

(Continued on page 71)



All electronic retailing machines include a TV monitor to show merchandise, and a keyboard to order goods; their "faces" differ. The machines (l. to r.) are The Shopping Machine, Touch-n-Save, UniPort and Electronistore, which is being offered with or without the seat.

Caldor's Guinan Picked Challenge Over Glamour

By KAREN PAXTON

NORWALK, Conn. — Jim Guinan chose challenge over glamour.

The challenge of computerizing the Caldor chain and achieving Associated Dry Goods' goal to double the size and volume of its discount division to 200 units and $2 billion in six years prompted Guinan to give up the glamorous post of president at Bloomingdale's and return to the discounting realm after a six-month hiatus.

"I probably didn't realize how much I was going to miss mass merchandising," said Caldor's three-month chair-

(Continued on page 71)

"I'm doing some general tinkering with the systems and operations . . . giving them the computer aids they need and adding an expert here and an expert there, all in preparation for that $2 billion, 200 stores."

—Jim Guinan, chairman and ceo, Caldor.

CD (U.S.), in Getting Purdy, Strengthens Competitive Clout

EDISON, N.J. — Everett Purdy's appointment to head Consumers Distributing (U.S.) has markedly strengthened the company's competitive position via its two main rival catalogers, Service Merchandise and Best Products.

CD (U.S.), a division of Consumers Distributing (Canada), has centered its 160-store operations on the East Coast in an arc from Boston south to Philadelphia and west to Albany, N.Y., with the main concentration in the Greater New York Area and in the metro Los Angeles and San Francisco markets on the West Coast.

CD squares off against Service Merchandise in all its markets and against Best in the two West Coast areas and in Philadelphia. Best and Service Merchandise are the catalog industry's top chains in volume, with CD (U.S.) No. 4.

Trade observers noted that Purdy's 12 years with Service Merchandise, where he had

(Continued on page 72)

CD (U.S.) tests warehouse closeout store. Story, p. 11.

IN BRIEF

- **ATARI'S INTRODUCTION of two new lines of personal computers aimed directly at the mass market—the XE and ST series—was met with much enthusiasm by buyers at the winter CES. The 65 XE will retail for under $120 and the 130 ST will carry a price tag of under $400. However, several chain buyers are concerned about Atari's ability to deliver in quantity. Several buyers also noted the emergence of Korean manufacturers as significant in the VCR and TV areas.**

15 Retailers to Spend at Least $500G To Lobby For Repeal of Texas Blue Law

DALLAS—A group of 15 retailers is planning to spend at least half a million dollars to lobby for repeal of Texas's Blue Law, which prohibits stores from selling certain items on consecutive Saturdays and Sundays.

The retail coalition, called Texans for Blue Repeal, includes such chains as Target, K mart, Revco drug stores, Kroger, Toys "R" Us, Walgreens and Zale. At presstime the group had raised about $350,000 and hired lobbyists Galt Graydon and Dick Brown to work at the Texas legislative session that started Jan. 8, said George Hite, vp of public and consumer affairs at Target.

Although there have been efforts to get the law off the books in the past, "retailers have never hired somebody and have not had well-financed efforts [in Texas]," explained Graydon. In lobbying, Graydon is planning to use a recent poll done at Texas A&M University—which shows that Texans prefer sev-

(Continued on page 72)

• DSN • DSN • DSN • DSN • DSN •

Digest

Jan. 21, 1985

TOY CHAIN CENSUS

- **Toy chains are expected to boost their market share in 1985** from the one-third they had in 1984. *DSN*'s annual toy chain census (pp. 18-36) gives a rundown of the expansion plans of leading chains. Industry executives eye strong sellers for '85 (p. 18).

SPRING CAR CARE BUY-IN

- **New automotive merchandising trends are described in this issue's** spring car care buy-in section (pp. 47-59). Among them: Caldor and Bradlees set up single-manufacturer runs (p. 47); truck-accessory displays are segregated to capitalize on the booming light-truck business (p. 47); T.G. & Y. pares sku's and replanograms waxes and polishes (p. 48).

INDEX

Apparel 15-16
Catalog Showroom News . . 11
Classified 68-70
Discounter Management
  Development Series . . . 62
Editorial 6
Executive Changes 38
Housewares 45
Product Movement Audit
  Automotive 52

Discounters, Old-Liners Hoisted Pretax Net in Last Fiscal Year

NEW YORK — Discounters and conventional department stores shared a resurgence in pretax earnings their last completed fiscal year, thanks to lower operating expenses, reduced inflation and greater consumer spending.

Both retailing classes fared about the same on two major counts:

—Discounter pretax earnings climbed nearly half from 2.94% of sales to 4.34%, compared with department stores' rise of slightly more than half, from 4.01% to 6.16%.

—Net operating expenses at discounters dipped from 24.78% of sales to 23.70%, compared with department stores' 37.30% to 35.21% improvement. That was the lowest expense ratio for discounters in five years.

Discount and department store chains pared costs in many areas to produce these improved ratios.

Most significantly, discounters cut payroll from 12.06% of sales to 11.41%; department stores sliced even more, from 19.60% to 18.06%. Department stores also cut benefits costs from 3.80% to 3.01%, better than discounters who raised their ratio from 1.96% to 2.32%.

Discounters also channeled a smaller share to advertising and sales promotion in fiscal 1983-84, 2.23% of sales compared with 2.43% the prior year. Department stores trimmed more, from 3.81% to 3.33%.

Equipment rentals by discounters dropped from 0.45% of sales to 0.38%, while rising at department stores from 0.35% to 0.41%.

Discounters also spent less on travel, 0.21% of sales compared with 0.24% the year earlier. At department stores, travel expense rose marginally from 0.30% of sales to 0.31%.

Financial comparisons of discounters and department stores are drawn from two industry reports: One, the National Mass Retailing Institute's (NMRI) annual study, "Operating Results of Self-Service Discount Department Stores, 1983-84," reflects performance of 30 chains, whose 2,892 stores produced aggregate sales of $17 billion during the fiscal year ended March 31, 1984.

The other, the National Retail Merchants Association's (NRMA) annual study, "Financial and Operating Results of Department and Specialty

(Continued on page 72)

Gross Margin, Expense and Earnings
(As % of Sales)

Factor	Full-Line Discounters 1983/84[a]	Department Stores 1983
Gross Margin	28.31%	39.88%
Total Expense	23.72	35.21[b]
Net Operating Profit	5.08	4.67
Other Income	0.54	1.49
Earnings Before Taxes	4.34	6.16
Federal/State Income Taxes	2.09	2.33
Net Earnings After Tax	2.27	3.83

[a]April 1, 1983 to March 31, 1984 period. [b]Net Operating expenses. Sources: NMRI, NRMA.

Expense Analysis Highlights
(As % of Sales)

Expense	Full-Line Discounters 1983/84[a]	Department Stores 1983
Payroll	11.41%	18.06%
Supplies	0.76	1.99
Communications	0.27	0.69
Travel	0.21	0.31
Services Purchased	0.60	2.23
Advertising	2.55	2.48
Taxes & Licenses	1.51	2.33[b]
Utilities	1.17	1.42
Insurance	0.67	1.19
Equipment Rentals	0.38	0.41
Property Rentals	1.92	2.84
Depreciation & Amortization	1.01	1.09[c]
Repair & Maintenance	0.65	0.07
Unitemized	0.59	0.10
Net Operating Expenses	23.70	35.21

[a]April 1, 1983 to March 31, 1984 period. [b]Taxes only. [c]Depreciation only. Sources: NMRI, NRMA.

Three PACEs to Open Near Capital by Spring

DENVER — PACE Membership Warehouse's entry into Baltimore-Washington and additional southeastern markets is another sign of maturation in the quickly aging warehouse club field: more head-to-head confrontations and moves into small markets.

PACE, a six-unit chain headquartered here, will spend $25 million of internally generated funds to open three 100,000-sq.-ft. stores near the nation's capital by spring. Founder and president Henry W. Haimsohn projects they'll produce $100 million in combined first-year revenues, and maintain the chain's 8%-9% gross margins to wholesale members.

Clustering stores will enable PACE to buy better and improve its chainwide rate of 15 turns overall by splitting truckloads and shifting merchandise among stores, Haimsohn said.

He'll implement that strategy in Atlanta, too, where construction started this month on second and third units to compete against warehouse operator Makro; in Denver, where PACE opened its second warehouse in November and plans a third this year to battle Buyer's Club; in Tampa-St. Petersburg, where PACE's two units confront Costco's two, and in North Carolina, where PACE slates 1985 openings in Greensboro and Raleigh to augment its Charlotte warehouse.

Haimsohn is also scheduling a Jacksonville, Fla., entry this year, where he'll compete against Sam's Wholesale Club. He also plans single-store openings in smaller markets such as Omaha, Des Moines, Iowa and Colorado Springs, Colo.—with the latter market having a populace of just 400,000.

Haimsohn expects to triple store count from six to 18 and expand sales from $80 million in 1984 to more than $300 million by year's end.

In Baltimore-Washington, PACE will battle Makro for sales to high-volume wholesale members, though it'll have a clear path to Government employees, who'll account for most of PACE's higher-margin retail volume, Haimsohn said. Makro sells only to wholesale members; PACE, like most warehouse operators, also sells to qualified individuals at 5% above posted prices.

Haimsohn, a former home center chain sales vp, said he's now staffing a regional office to manage the Baltimore-Washington stores and buy goods locally—particularly consumables, which account for one-third of floor space.

Forman, Executive Editor of *NRN*, Is Named Managing Editor of *DSN*

NEW YORK — Charles Forman has been named managing editor of *Discount Store News.*

Forman

In this post he will supervise day-to-day activities of the publication's editorial staff and assist with other managerial responsibilities. He will report to chief editor Iris Rosenberg.

Prior to joining *Discount Store News*, Forman was executive editor of *Nation's Restaurant News*, published by *DSN*'s parent, Lebhar-Friedman Inc. His duties were similar to those he will have in his new position.

Forman joined Lebhar-Friedman in February 1981 after five years with Harcourt Brace Jovanovich Publications in New York. There he was in charge of editorial operations for a group of four monthly business papers in the dental field.

Forman also was associate editor of *Rubber Age* magazine (now *Modern Elastomers*) and assistant editor of the *Journal of the American Water Works Association.*

Test Your Knowledge of Current Events

Discount Store News QUIZ

The *DSN* Quiz, testing your knowledge of news and trends in discount retailing, will appear on this page monthly. Check your answers with the key on p 72.

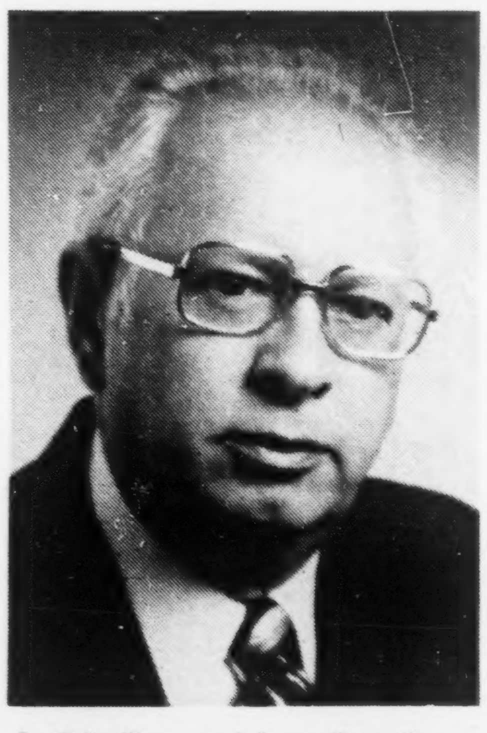
1. K mart's Waldenbooks opened its long-awaited discount book store chain. The name used for this operation is:
   - a) Thoreau;
   - b) Reader's Market;
   - c) Book Mark;
   - d) Remainders.

2. The sixth annual National Mass Retailing Institute study of security and shrinkage included participants' ranking of various security devices. Rated the most effective were:
   - a) concealed TV monitors;
   - b) observation booths;
   - c) guards;
   - d) electronic tags.

3. S. E. Nichols unveiled its new store of the 90's in Hagerstown, Md. How much will the discounter spend to install the new look in all of its stores over the next three years?
   - a) $30 million;
   - b) $40 million;
   - c) $50 million;
   - d) No plan yet while it waits to see how the prototype performs.

4. New consumer electronics technology, often identified just by the letters of the technical method, is surplanting older home entertainment systems. The correct matching of a traditional entertainment system and the related new technology is:
   - a) home movies—BTS;
   - b) television—POS;
   - c) records and tapes—CD;
   - d) radio—POP.

5. K mart restructured its operations and in the process promoted a long-time executive to the new post of president of the K mart stores group. He is:
   - a) Norman G. Milley;
   - b) Stephen L. Pistner;
   - c) John R. Thomas;
   - d) Frederick M. Stevens.


Is this the man heading the K mart stores group? See question 5.

6. "We buy a one-shot deal all the time," is how Arthur Frankel summed up the business of his retailer, Pic 'N' Save. The company is:
   - a) a discounter;
   - b) an apparel specialty chain;
   - c) a catalog showroom;
   - d) a closeout retailer.

7. Ann & Hope is providing a unique service for workers at its Watertown, Mass., store. The service is:
   - a) car pooling;
   - b) family financial planning;
   - c) day-care center;
   - d) gym.

8. Charles Lazarus, chairman of Toys "R" Us, also sits on the board of:
   - a) Cole National;
   - b) Petrie Stores;
   - c) K mart;
   - d) Wal-Mart.

9. Lafayette/Circuit City is being sued by another consumer electronics specialty chain because its ads say consumers have to be __________ to shop anywhere else:
   - a) rich;
   - b) poor;
   - c) uninformed;
   - d) crazy.

10. Mars plans to acquire one of the last family-owned pioneering discounters. Identify the company.
   - a) Mals;
   - b) S. Klein;
   - c) Gaynes;
   - d) Barkers.

DISCOUNT STORE NEWS
(ISSN 0012-3587), is published biweekly—every other Monday except Sept. 17 through Oct. 29, when published every third week; monthly in December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rates: *Retailers*—one year, $12; three years, $30. Canada: one year, $13; three years, $33. *Wholesalers, manufacturers, schools, libraries and all others*—one year, $20; two years, $38; Canada: one year, $21; two years, $40. *Foreign subscriptions:* Airmail only, $100 per year. Single copy rate, $2, except annual census issue, $20.

Second-class circulation postage paid at New York, N.Y., and additional mailing offices.

Copyright© 1985 by Lebhar-Friedman Inc. All rights reserved.

Postmaster: please send address changes to Subscription Department, *Discount Store News*, 99 Park Ave., New York, N.Y. 10157. For change of address six weeks notice is requested. Give old and new address and zip code. If possible, enclose address portion from cover of previous issue.

Vol. 24, No. 2 Jan. 21, 1985

TOY CHAIN CENSUS

Bigger Market Share Is Seen For Toy Chains

Nationwide DSN Report

For toy specialty retailers, 1985 promises to be another bountiful year despite a disappointing Christmas performance.

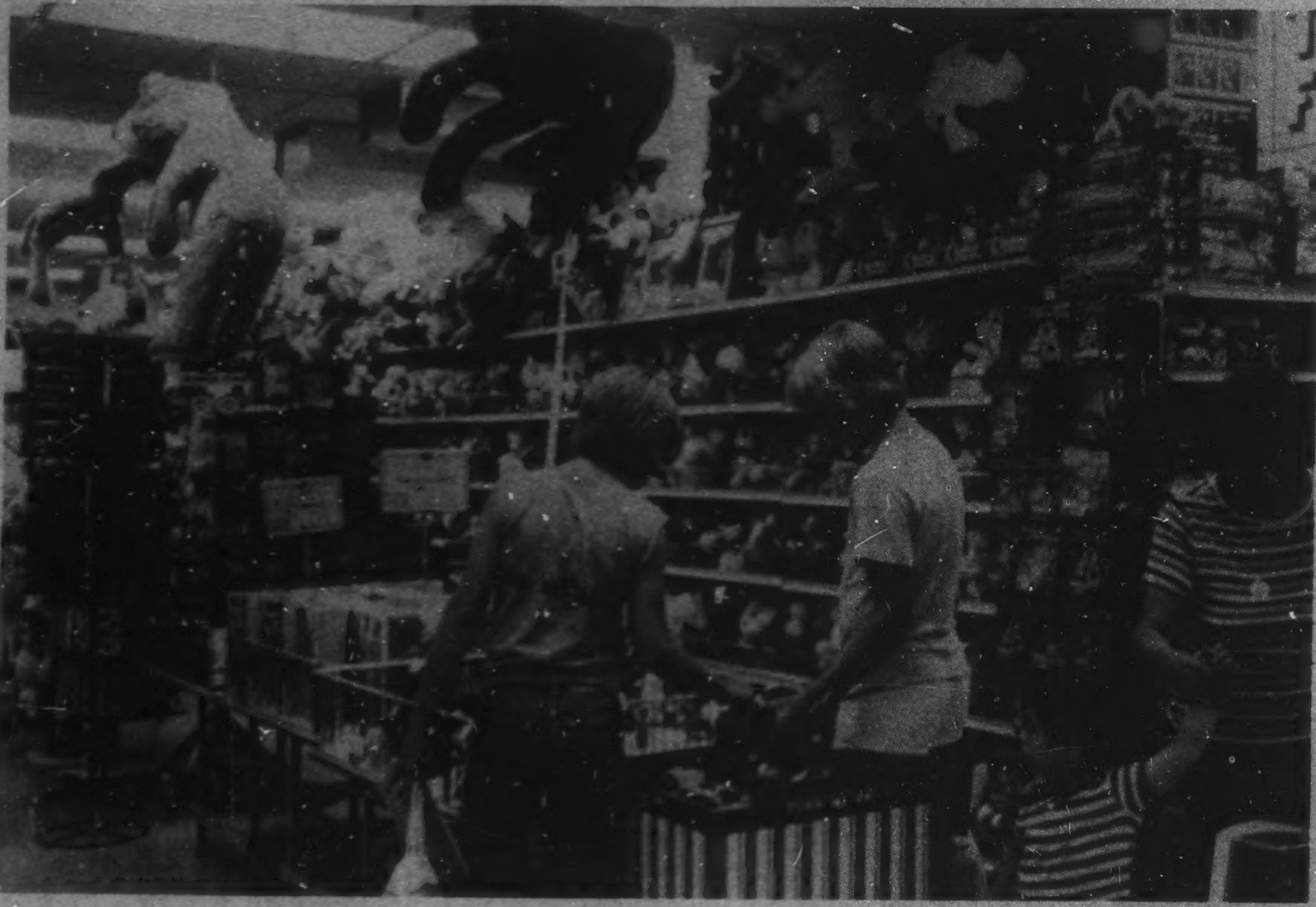
Many toy chains fell short of sales expectations for the holiday selling season, mainly due to poor video game and home computer sales and a VCR explosion that drained dollars from the seasonal toy rush, but the year was far from a catastrophe.

In fact, according to industry projections, toy specialty retailers accounted for approximately one-third of all toy sales in 1984 and that share is expected to grow in 1985 and balloon in the next five years.

With department stores and mass merchandisers like Sears, Penney and Ward de-emphasizing the category or merely expanding seasonal areas to accommodate toys for Christmas, the $8.3 billion toy segment appears to be ripe for the taking.

While discounters currently own 29% of the toy market, according to industry estimates, many observers feel the toy chains, with their year-round sales philosophy, could account for close to 50% of toy sales before the year 2000.

Indeed, industry analysts expect the three leading toy chains, Toys "R" Us (TRU) and Child World in the supermarket segment, and mall leader Kay Bee Toys and Hobby, to own 35% of all toy sales by 1988.



Toy specialty chains accounted for one-third of total toy sales last year. Mall stores including Kay Bee, seen here in Los Angeles, did over one-half billion dollars and are expected to increase their share in 1985.

TRU alone has increased its market share 1½ percentage points in each of the last five years and currently accounts for almost 14% of all United States toy sales. Industry analysts feel the chain will own 25% of total toy sales within the next five years.

Although the toy giant experienced a disappointing Christmas, which caused its stock to plummet almost $8 on the New York Stock Exchange in the final days of 1984, sales for the 11-month period were $1.59 billion, up 28.5% over sales of $1.24 billion posted for the same period in 1983. In 1985, the chain is expected to move in on the $2 billion sales mark.

However, this past Christmas, TRU only saw a 3% gain on comparable-store sales, far below its undisclosed projections. Company executives attributed the modest gain to a significant decrease in video game and home computer sales, which dropped about 9%.

The mediocre Christmas results will certainly not dampen TRU's methodical expansion push, both domestic and worldwide. Currently entrenched in 27 states with 203 units, TRU will open up to 45 new stores this year including a new market entry in the Buffalo-Rochester area. The chain will also increase its presence in Canada, where it debuted in the last quarter of 1984, and will, for the first time, open its doors in England.

In addition, Kids "R" Us, its 10-unit off-price children's clothing chain, is slated to open 15 to 20 new stores this year and according to industry analysts, will finish in the black for the first time in 1985.

Child World, TRU's chief toy supermarket competitor, has set a more modest expansion plan for '85, according to chain president John Chase. The 104-unit chain will open 16 new stores this year (14 were opened last year) and Chase expects 1984 sales to top $450 mil-

(Continued on page 28)

Chain, Manufacturer Execs View Trends

Bright '85 Projected For New and Old Hot Products

Larry Stern
*Executive vp, merchandising,
Circus World, Taylor, Mich.*

"We'll be shopping Toy Fair for a good mix of everyday toys so we can maintain profit levels. Promotions of really popular toys drove margins down in 1984.

"We feel robots will be very good this year, and we expect demand for Cabbage Patch to continue. Action figures are hot; they put kids into [an active] play environment.

"Galoob is coming out with girls' action figures called Golden Gals; Mattel has She-Ra, female Masters of the Universe, and Coleco is coming out with a male action figure line we think should be good.

"We're also interested in Hasbro's physical fitness [tapes and equipment] for girls.

"Licensing should also do well this year. We feel good about the Wuzzles [plush animals] from Hasbro/Disney and Hug-a-Bunch, an American Greetings license."

•

Robert Grey
*Executive vice president,
Karl's Toys, Los Angeles*

"We expanded our better doll assortment this year. We carried Madame Alexander, Effenbee, Royal and we added dolls from around the world: Vaph and Gotz from Germany, Barel from Spain, Z & Z from Italy.

"In robots, not only did we carry products from Hasbro and Tonka, we also brought in numerous lines direct from Japan that no one else had. We sold robots for about $25 but also for $40, $60, $80 and $100. We had 12 running feet of different robotic products.

"There's no way an independent chain can succeed on just price.

"We expect 1985 to be another good year, maybe not to the same extreme standard. But, it's a little early for us to make predictions. We're out there learning. Now's the time to look and listen."

•

Kenneth Perry Jr.
*Vice president,
K & K Toys, Virginia Beach, Va.*

"We're going to Toy Fair with a wide-open mind. We think 1985 will be even stronger. [We find that] with the hype of some of the hot toy items today, people are going into toy stores even more than they did in the past.

"Christmas was very good for us."

•

Richard Selchow
*President,
Selchow & Righter,
Bayshore, L.I.*

"We feel we did very well this Christmas. Our Trivial Pursuit line was outstanding. We manufactured over 20 million games, and sold just under [that amount]. We're looking for Trivial Pursuit to be just as good as 1984, although you have to be realistic. It has to remain at the same level or a little less.

"For 1985, we have Genus II which will debut at Toy Fair and a [Trivial Pursuit] Young Players addition which will be ready for delivery [this month]. In the spring we'll have a musical edition, RPM. It's going to be the history of music.

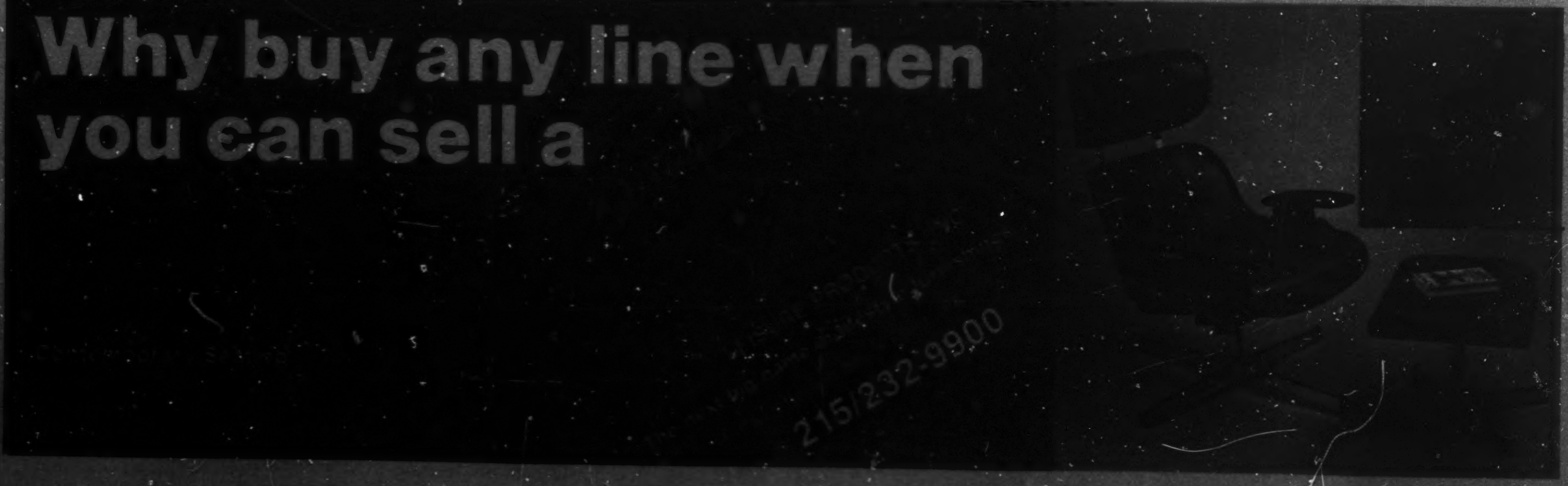
"Trivial Pursuit is in its infancy, and we think it will become a staple, although of course it will taper off some."

•

Alfred Kahn
*Executive vice president and
head of Coleco's toy division,
West Hartford, Conn.*

"We'll be adding extensions to many of our lines this year. We'll strive for additional mar-

(Continued on page 30)



Toy Chains Make Gains

(Continued from page 18)

lion, up from $360 million in 1983.

However, because Child World's parent company, Cole National, was recently taken private in a leveraged buyout deal, many industry observers question how the company will be able to fuel the toy chain's growth. Child World accounts for over 50% of the company's total sales.

The Avon, Mass.-based toy chain, like TRU, also had a somewhat disappointing Christmas, according to Chase. Industry observers said Child World might have been hurt even more than other toy chains because of a strong commitment to its electronics area.

"Two days before Christmas, I walked into a Child World and the electronic center was like a morgue," said an executive at a rival toy chain.

Meanwhile, Lionel, the third largest toy supermarket retailer, and most of the mall-situated toy chains reported strong Christmas performances and executives feel it's no coincidence their particular chains do not carry a heavy electronics assortment.

"We never made a huge commitment to electronics. There was always tremendous competition in the area and it was very difficult to make any profit," said Michael J. Vastola, chairman and chief executive officer for Lionel.

Lionel, still tangled in Chapter 11, had a strong sales year, according to Vastola, and although year-end sales figures were not in at presstime, Vastola said the chain had double-digit gains for 1984. In 1983, Lionel had sales of $198 million.

This year, Lionel will open six new stores, the first real expansion move in the last three years. At its peak, the chain had 105 toy supermarkets in operation but was eventually forced to shut down over half, to its current 53.

The chain's test of children's apparel in 11 of its stores last year was successful, according to Vastola, but was a very small percentage of overall sales and its future is currently being discussed.

If the toy supermarket segment is planning moderate growth, mall-situated toy chains appear to be more ambitious. Seven of *DSN*'s top 10 toy retailers are in malls and accounted for a half-billion dollars in sales in 1984.

Kay Bee, the mall leader, with 535 units nationwide will cross the $300 million mark for 1984 and add another 50 stores this year. Circus World, its closest mall competitor, will go over the 200-unit mark this year. But, perhaps the most ambitious plans are being made by Greenman Brother's Playland chain.

Since it was acquired in 1982, Playland, based in Valdosta, Ga., has grown from 31 units to 59. It will open 40 more stores this year and an additional 40 in 1986, transforming the chain from a regional to a national operation.

Other regional toy retailers like Karl's Toys on the West Coast and K & K in the Southeast are also tightening their grips on their respective strongholds.

Karl's Toys, servicing most of southern California, saw approximately a 37% sales gain last year with a 20% increase in December, according to Robert Grey, executive vice president.

"The growth came from three factors. We evolved into a higher price-point product mix. We also changed the methodology of how we sold product, and finally, we had a stronger economic climate," he said.

The chain, currently with 20 units, will open up to five new stores this year and Grey, like many of his competitors, feels the key to success is a year-round posture.

"We made a concentrated effort to make other periods of time a profit base on their own. We ran promotions without sales. We don't believe in giving merchandise away. We had a significant profit increase and we did better in the first nine months [in terms of profit] than we did in the last quarter," explained Grey.

At presstime, K & K Toys, 87 units strong in 15 states, primarily in the Southeast, had not released its 1984 sales figures or 1985 expansion plans.

The chain is continuing its push into factory outlet malls, where it can duck the flow of competition, opting instead for cheaper rents and offering largely closeout goods with margins approaching 50%. The firm operated three units under the K & K outlet name, ranging in size from 3,500 to 4,000 sq. ft., in North and South Carolina.

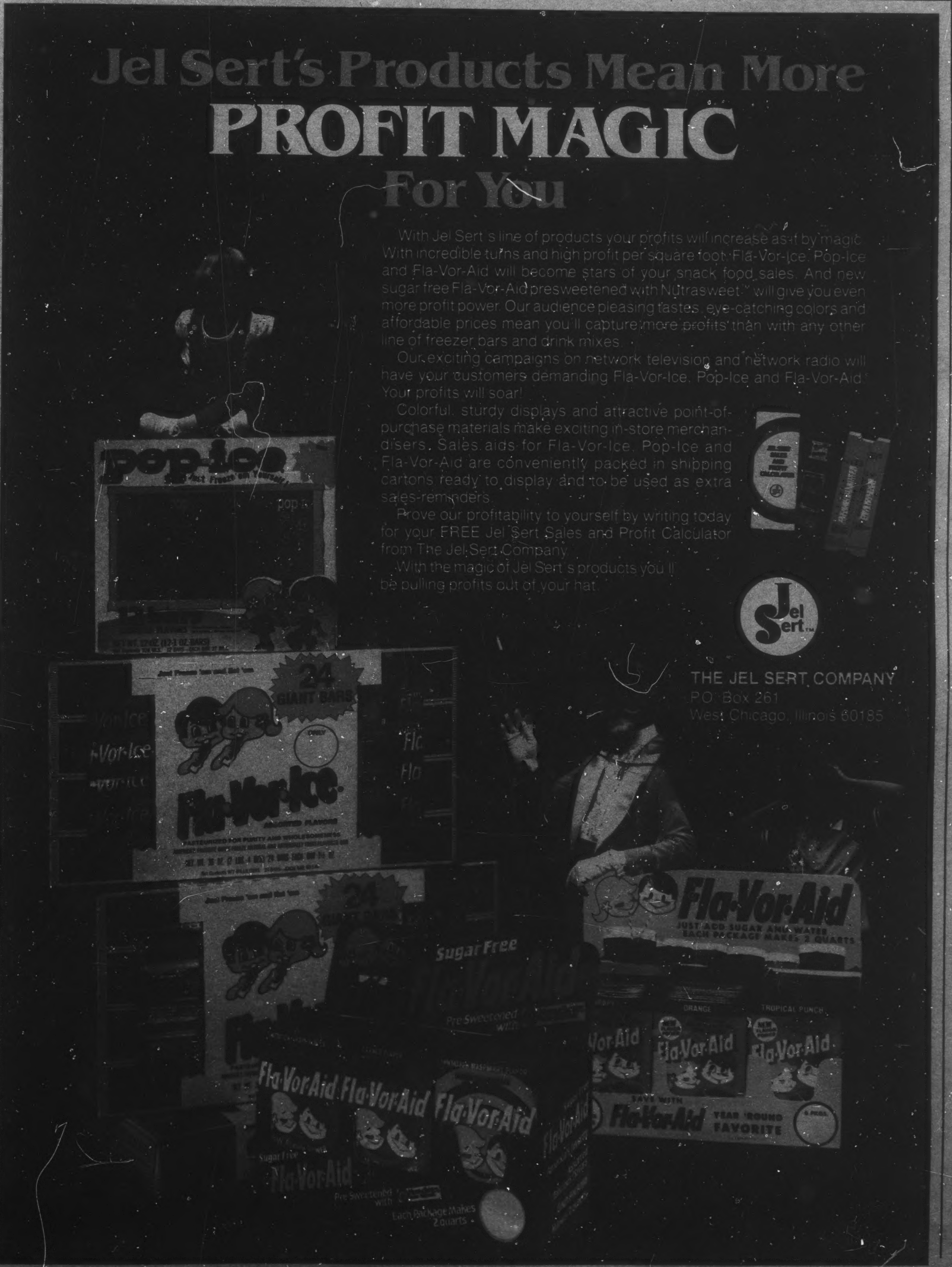
Toy King, based in Orlando, Fla., is currently leading the off-price toy field, operating 40 Toys and Gifts Outlets in Tennessee, Kentucky, North and South Carolina, Oklahoma, Florida and Texas. The chain is pouring all its energies into the outlet concept and has not opened a Toy King mall store in the past three years. Its 1985 expansion plans or 1984 sales figures were not disclosed at presstime.

Many Toy Chains Plan Big Expansion

Chain (Hq. State)	Projected Fiscal 1984 Sales (millions)	Number of Units 1/84	1/85	1/86	Avg. Store Size (Sq. Ft.)
Toys "R" Us (N.J.)	$1,650	169	199	233	25,000
Child World (Mass.)	450	90	104	120	25,000
Kay Bee (Mass.)	325	456	516	566	3,500
Lionel Leisure (Pa.)	225	53	54	60	25,000
Circus World (Mich.)	83	180	190	220	3,500
Playland (N.Y.)	40	46	59	99	3,000
K & K Toys (Va.)	33	69	87	97	3,200
Toy King/Toys and Gifts Outlets (Fla.)	30	65	83	N.A.	2,500
Karl's Toys (Calif.)	18	20	23	26	6,000
Hobby Center (Ohio)	11	27	N.A.	N.A.	3,000

N.A.—Not available.

Source: DSN research.


Jel Sert's Products Mean More
PROFIT MAGIC
For You

With Jel Sert's line of products your profits will increase as if by magic. With incredible turns and high profit per square foot, Fla-Vor-Ice, Pop-Ice and Fla-Vor-Aid will become stars of your snack food sales. And new sugar free Fla-Vor-Aid presweetened with Nutrasweet™ will give you even more profit power. Our audience pleasing tastes, eye-catching colors and affordable prices mean you'll capture more profits than with any other line of freezer bars and drink mixes.

Our exciting campaigns on network television and network radio will have your customers demanding Fla-Vor-Ice, Pop-Ice and Fla-Vor-Aid! Your profits will soar!

Colorful, sturdy displays and attractive point-of-purchase materials make exciting in-store merchandisers. Sales aids for Fla-Vor-Ice, Pop-Ice and Fla-Vor-Aid are conveniently packed in shipping cartons ready to display and to be used as extra sales-reminders.

Prove our profitability to yourself by writing today for your FREE Jel Sert Sales and Profit Calculator from The Jel Sert Company.

With the magic of Jel Sert's products you'll be pulling profits out of your hat.

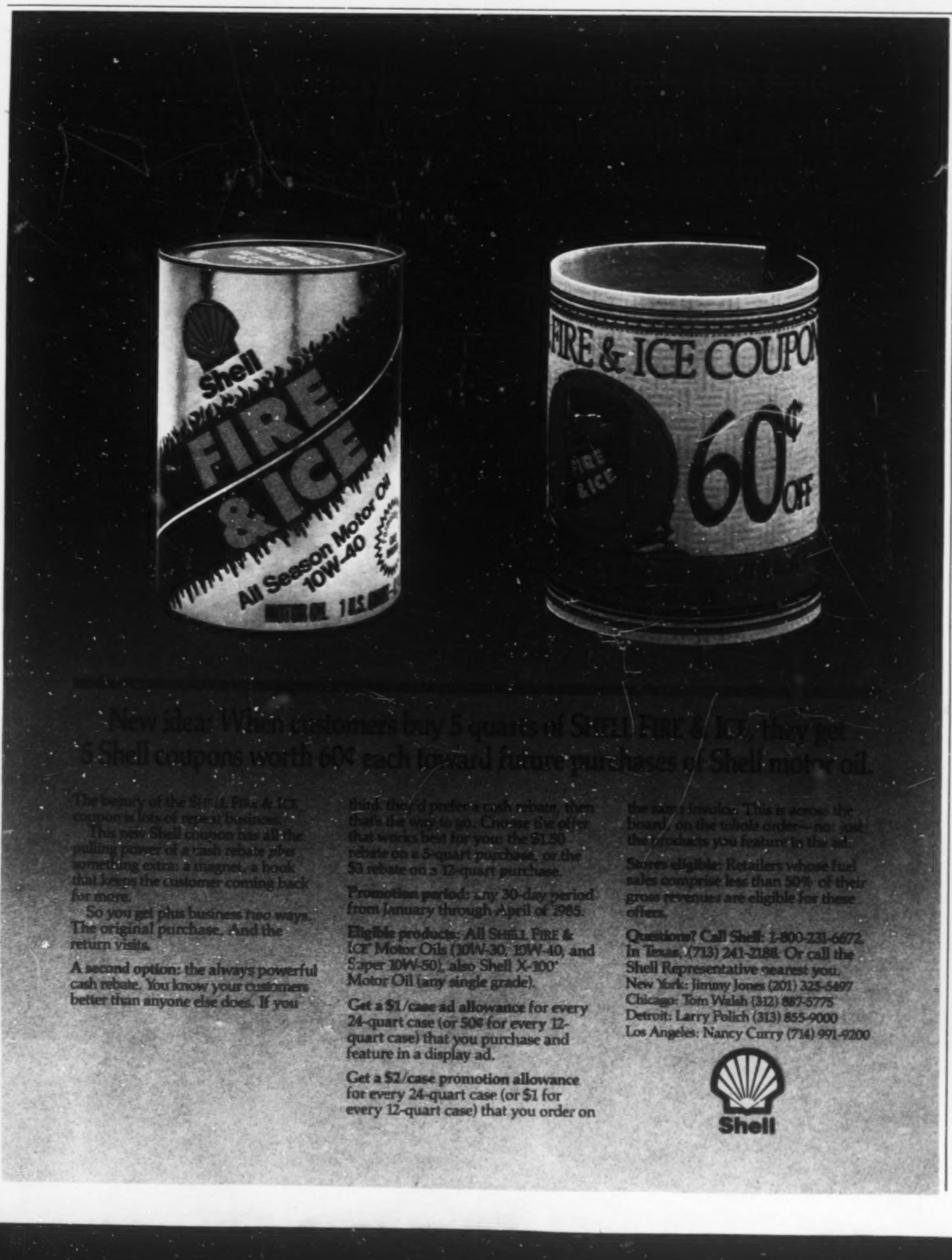
Jel Sert™

THE JEL SERT COMPANY
P.O. Box 261
West Chicago, Illinois 60185

SPRING CAR CARE BUY-IN

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Sealed Beam, Large Square, 6052	78,881	9.29	732,804
2	8-oz Armor All Protector, 10080	222,166	2.86	636,949
3	Sealed Beam, Large Round, 6014	175,071	3.42	599,968
4	Raindance Paste (Appl pk), 14 oz, 37266	85,831	6.71	576,440
5	16-oz Armor All Protector, 10160	92,018	6.04	555,972
6	Fila Motorcraft Oil Filter	133,932	4.12	552,469
7	14-oz Freon 1001	309,236	1.69	523,536
8	Sealed Beam, Low Square, 4652	87,305	5.97	521,385
9	Gumout Jet Spray, 13 oz, 7450	218,330	2.18	477,487
10	15-oz Oil Treatment, STP	251,302	1.81	455,359
11	Air Compressor with Gauge, 165 PSI	16,697	25.65	428,394
12	Snowhite Lit' N' Easy Gal, 3431	32,641	12.17	397,469
13	Turtlewax Super Hard Shell Paste, 14 oz, 38806	101,485	2.52	392,036
14	Raindance Liquid, (Apl Pk) 16 oz, 27243	56,767	6.72	381,928
15	1157 Auto Bulbs, 2 on a Card	323,121	1.08	351,878
16	2 Ton Hydraulic Floor Jack	6,099	54.35	331,505
17	Quaker State Deluxe, 10W40	266,551	1.20	320,394
18	2 Ton Mini Hydraulic Floor Jack	8,926	34.80	310,696
19	Snap Fix-A-Flat, 12 oz	206,142	1.44	298,493
20	Valvoline Motor Oil, 10W40, Qt	236,605	1.21	287,001
21	Armor All Protector 32 oz, 10320	31,326	8.99	281,871
22	Quartz Halogen Fog Light Kit Amber	10,269	26.94	276,729
23	Pennzoil Multi-Vis 10W40	205,473	1.29	266,498
24	Roberk 16" Wiper Blade Refill	108,502	2.45	265,938
25	Gumout Carburetor Cleaner, 12 oz, 7518	140,132	1.89	265,550
26	Westl Bleche-Wite Liquid, 20 oz	128,420	2.05	263,261
27	H6054 Halogen Seal Beam, Large Square	13,252	18.91	250,688
28	Gunk Engine-Brite Aerosol, 20 oz	119,467	2.08	249,447
29	Turtle Zip Wax Liquid Car Wash, 18 oz	103,985	2.37	247,172
30	Turtle Minute Wax, 18 oz	44,010	5.44	239,766
31	Booster Cable Sleeved 12'	28,439	8.37	238,091
32	One Piece Auto Ramp, Pair	10,746	21.01	225,773
33	Quaker State Super Blend 10W30	186,693	1.15	215,257
34	Chamois 2½ sq ft	35,662	5.76	205,448
35	Roberk 18" Wiper Blade Refill	83,987	2.44	205,264
36	4000 Sealed Beam, Low Round	66,499	3.06	203,486
37	Pennzoil Multi-Vis 10W30	174,724	1.15	202,330
38	13040 Armor All Protector, 4 oz	118,531	1.67	198,895
39	8850CM A/C Recharge Kit/Freon	28,056	7.03	197,486
40	100RQR Rislone Oil Alloy 32 oz	71,916	2.73	196,474
41	PF-25 AC Oil Filters	47,800	4.04	193,494
42	Roberk 16" Wiper Blades	75,415	2.44	184,314
43	Prestone Heavy Duty Break Fluid, 12 oz	97,970	1.84	180,656
44	R45TS-8BP, AC Spark Plugs	16,720	10.62	177,583
45	Black Label CD-2 Oil Detergent	73,780	2.39	176,850
46	Lee Oil Filter, LF1	56,577	3.12	176,646
47	Sandable Primer, Grey	85,807	2.05	176,504
48	Gallon Gas Can Pull-Up Spout, 4610	52,350	3.23	169,509
49	WD-40 Aerosol, 9 oz	81,263	2.05	167,239
50	3000 lb Jack Stand	32,859	4.92	161,896
51	Armor All Cleaner, 16 oz. 301610	68,488	2.32	158,892
52	Prestone Super Flush, 22 oz	50,502	3.09	156,505
53	Pylon 16" Wiper Refills, 1016	63,353	2.46	156,165
54	Bars C-16 Leak, 12 oz	66,917	2.33	155,916
55	AC Oil Filters, PF-47	39,480	3.89	153,656
56	2-Gal Gas Can, Flex Spout	26,799	5.70	152,995
57	Aerosol Undercoating, 16 oz	85,324	1.77	151,364
58	Warco Dot Brake Fluid qt, 1002	40,556	3.71	150,787
59	15" Wire Wheel Cover, Each	8,833	16.90	149,277
60	Westl Bleche-Wite Liquid, 32 oz	45,224	3.28	148,606
61	J-Wax Kit, Pre-Soft Paste Wax, 12 oz	35,350	4.12	145,924
62	Champ Plug, RV15YC4BP8 (RBL15Y4)	13,316	10.87	144,798
63	Battery Charger, 6-Amp, SE86	4,697	30.74	144,399
64	DL Hand Cleaner, Blue Label, 14 oz	110,016	1.30	143,900
65	Warco Dot Brake Fluid, 12 oz, 1001	99,240	1.43	142,310
66	Blue Poly Paste Sealant, 16 oz	16,410	8.58	140,912
67	Snowite Lite-N-Ez qt Kit, 3305	26,359	5.29	139,465
68	Turtle Color Back Liquid, 16 oz	27,329	4.97	135,989
69	Simoniz Super Blue Pre-Soft Paste, 9 oz	38,179	3.55	135,840
70	Sandable Primer, Red	65,737	2.05	135,352
71	14" Wire Wheel Cover, Each	7,890	17.05	134,571
72	Pylon 18" Wiper Refills, 1018	54,183	2.46	133,561
73	Roberk 18" Wiper Blades	54,217	2.43	132,235
74	Midget Grease Gun Kit	14,643	8.84	129,517
75	Turtle Super Hard Shell Liquid, 12 oz	43,627	2.95	128,743
76	Borden #7, Car Wash Powder, 8 oz	50,142	2.55	128,162
77	STP Gas Treatment, 8 oz	106,214	1.19	127,138
78	Lee Oil Filter, LF25	37,749	3.35	126,572
79	Sun Super Tach II Tachometer	2,639	47.58	125,583
80	Quartz Halogen Drive Light Kit Clear	4,543	27.62	125,486

(Continued on page 57)



New idea: When customers buy 5 quarts of SHELL FIRE & ICE, they get 5 Shell coupons worth 60¢ each toward future purchases of Shell motor oil.

The beauty of the SHELL FIRE & ICE coupon is lots of repeat business.

This new Shell coupon has all the pulling power of a cash rebate *plus* something extra: a magnet, a hook that keeps the customer coming back for more.

So you get plus business *two* ways. The original purchase. And the return visits.

A second option: the always powerful cash rebate. You know your customers better than anyone else does. If you think they'd prefer a cash rebate, then that's the way to go. Choose the offer that works best for you: the $1.50 rebate on a 5-quart purchase, or the $3 rebate on a 12-quart purchase.

Promotion period: any 30-day period from January through April of 1985.

Eligible products: All SHELL FIRE & ICE® Motor Oils (10W-30, 10W-40, and Super 10W-50), also Shell X-100® Motor Oil (any single grade).

Get a $1/case ad allowance for every 24-quart case (or 50¢ for every 12-quart case) that you purchase and feature in a display ad.

Get a $2/case promotion allowance for every 24-quart case (or $1 for every 12-quart case) that you order on the same invoice. This is across the board, on the *whole* order—not just the products you feature in the ad.

Stores eligible: Retailers whose fuel sales comprise less than 50% of their gross revenues are eligible for these offers.

Questions? Call Shell: 1-800-231-6672. In Texas, (713) 241-2188. Or call the Shell Representative nearest you.
New York: Jimmy Jones (201) 325-5497
Chicago: Tom Walsh (312) 887-5775
Detroit: Larry Polich (313) 855-9000
Los Angeles: Nancy Curry (714) 991-9200

Shell

Fashion Hot But Basics Still King

By HERB RECHTER
President,
Allied Auto Parts
and Auto Accessories

Fashion-influenced items like wheel and seat covers and floor mats were strong performers throughout most of 1984, but the bulk of our business continues to be in automotive department staples: waxes, chemicals, polishes and the like.

A look at the top-selling items indicated the trends: waxes and chemicals hold half of the places; the remainder of the spots were held by promotion-supported hardware items like sealed beams and oil filters.

In fact, sealed beams were two of the top five best-selling items (in dollar volume) on the product movement audit (PMA) for the 10-month period of February through November.

In the annual movement audit (see *DSN*, April 2, 1984) waxes and chemicals held four of the top five places; hydraulic jacks were the only hardware items to hold a top spot. Eight-ounce Armor All protector was the best-selling item in calendar 1983.

The hydraulic floor jack, while still a promotional favorite, slipped from its second-place ranking to 16th place.

In the annual PMA for calendar 1983, hydraulic jacks held second place with 14,232 units sold with most of that movement generated by sales in the $39.99 price range.

This year, volume for the 10-month period was considerably slower with 6,100 units sold; again, promotional price points were the motivating factor.

Replacing the hydraulic jack as a featured item was an air compressor with gauge.

In 1983, this item ranked 20th with just over 12,000 units selling during the 12-month period; average retails were in the mid-$20 price range.

For the 10-month period charted here, air compressor sales lifted the item into 11th place with nearly 17,000 units sold; average price points were a few dollars less.

One-piece auto ramps (pair) also continued to be a favorite promotional item for discounters, although they no longer moved on a one-on-one basis with creeper sales as they did a few years back.

For the 10-month period, ramp sales totaled 10,746 units,

(Continued on page 57)

Grand Auto's Profit Up 11% in 3 Qtrs.

OAKLAND, Calif. — Grand Auto reported a 10.9% earnings increase for the 13-week period ended Oct. 28, from $1,398,000 in 1983 to $1,541,000 in 1984.

Earnings per share increased from 47¢ to 52¢.

Net earnings for the three quarters ended Oct. 28 totaled $3,846,000, a 5.5% increase over 1983's earnings of $3,644,000. Earnings per share rose from $1.22 to $1.28.

A 10¢ per-share dividend was paid on Jan. 2 to shareholders of record at the close of business on Dec. 12, 1984.

Fashion Hot

(Continued from page 52)

compared to 13,561 for all of 1983; average retails remained constant, in the $21 to $22 range.

In waxes and polishes, overall, we're seeing a continuation away from heavy polymer-influenced assortments. Basic underhood chemicals also performed well. Thirteen-ounce Gumout, a strong on-ad seller, sold through at comparable rates of nearly 300,000 cans, during both periods.

One area that we're putting a lot of emphasis on as we go forward is our import program. Car mirrors, exterior trim and antennae, including electric powered models, feature prominently in this area.

While these items aren't new, with imports we are able to leverage the price points down into the $20 range—which compares very favorably to the $40 range they usually sell in.

Wheel covers are another key player in our import program, and this is another classification we expect to perform well in 1985. We carry two lines—wire and plastic—which sell in the high and low teens, respectively, at retail. Mass merchants are finding these feasible at these new lower price points.

Seat covers and floor mat sales are also strong, and I expect them to continue to do well through the new year.

We now carry nearly a dozen models with an assortment of colors for each model. We find customers are very willing to trade up in this area, willing to pay between $20 and $30, the higher price point for Herculon and velour fabrications.

Like many of our customers were moving away from nylon seat covers in the $10 area. We find customers want more than price in this area; they want value and fashion and they're willing to pay for it.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
81	CD-2 Red Label Oil Treatment	51,897	2.39	124,345
82	Champ Plg N12YCBP8	13,444	9.19	123,590
83	Castrol GTX 20W50 qt Motor Oil	82,935	1.49	123,573
84	5-Gal Gas Can, Flex Spout	10,325	11.93	123,228
85	Borden #7 Rubbing Compound, 12 oz	54,842	2.23	122,124
86	Rubber Soundproof Undercoating	40,496	2.98	121,002
87	Foot Pump With Gauge	19,073	6.33	120,884
88	GE Silicone Seal, Clear, 2.8 oz	35,687	3.35	119,520
89	Suntune Oil/Temp/AMP/Gauge	4,355	27.38	119,261
90	Blue Poly Polymer Seal Liquid, 16 oz	13,698	8.69	119,158
91	Yale Power Steering Fluid, 14 oz	60,689	1.94	118,100
92	Pennzoil Z-7 30W oil	105,281	1.10	116,651
93	Halogen Seal Beam, Lo, Square, H4656	10,560	11.04	116,582
94	Oscillating 6" Fan, 12 volt	6,531	17.58	114,854
95	Borden #7 White Polishing Compound	50,912	2.25	114,552
96	20" Wheel Wrench	20,285	5.64	114,468
97	Motorcraft Oil Filter, FL400	26,934	4.21	113,553
98	10 Amp Battery Charger, SE1010	2,727	41.61	113,473
99	Solar Film, Smoke 20" x 120"	12,178	9.29	113,194
100	Aerosol Undercoating, 20 oz	45,438	2.49	113,186
101	Valvoline ATF Dexron qt	86,844	1.29	112,810
102	Multi-Service Grease, 14 oz	75,690	1.39	110,008
103	Heavy Duty Instant Spare with Hose	44,421	2.46	109,275
104	Fram PH8A Oil Filter	28,480	3.83	109,192
105	Custom Wire Set, 8mm Silicone	5,892	18.48	108,931
106	Top Post HD Terminal 1/CD, B101BP	98,443	1.10	108,779
107	Multi-Service Grease 3/Tubes, 3 oz	36,112	2.94	106,313
108	Bars R-6 Leak, 5½ oz	65,351	1.62	105,933
109	Solar Film, Smoke 20" x 60"	18,260	5.77	105,378
110	Auto Bulbs, 2 on a Card, 1157NA	61,723	1.70	105,175
111	STP Gas Treatment, 12 oz	58,406	1.79	104,897
112	Chrome Spray Paint, 16 oz	33,847	3.08	104,316
113	Quaker State HD 30W	94,745	1.10	104,219
114	AC Oil Filters, PF-35	26,650	3.89	103,695
115	6-Ton Hydraulic Bottle Jack	5,763	17.98	103,664
116	Champ Plg RV15YCBP8 (RBL15Y)	9,432	10.82	102,110
117	Antenna Spring with Booster, 45"	12,027	8.41	101,147
118	Bug/Tar Remover Liquid, 16 oz	46,656	2.16	100,823
119	AC Spark Plugs, R45TS TB8	10,799	9.23	99,761
120	Thrush Muffler, T-4163	5,806	17.09	99,270
121	Sandable Primer Black (Dk Gray)	47,959	2.04	97,932
122	TR-3 Resin Glaze Liquid, 16 oz	19,619	4.99	97,898
123	Thrush Muffler, T-5163	5,636	17.09	96,330
124	Foamy Engine-Brite Aerosol, 20 oz	44,805	2.14	95,927
125	Thrush Muffler, T-3163	5,593	17.11	95,735
126	400-195 Thermostat B/P	38,166	2.50	95,491
127	Chamois 3½ sq ft	10,818	8.74	94,625
128	10/50 Amp Battery Charger, SE1250	1,695	55.77	94,536
129	GE Glass Seal, Clear, 2.8 fl oz	28,761	3.27	94,192
130	Lee LF-16 Oil Filter	29,672	3.14	93,229
131	Raindance S'rm Finish Liquid Wax, 18 oz	14,792	6.26	92,642
132	Lee AFL-91 Air Filters	18,235	5.06	92,269
133	400-180 B/P Thermostat	36,600	2.51	91,939
134	Promo Rubber Mat, 4-Piece set, Black	8,965	10.23	91,774
135	Auto Bulbs, 2 on a Card, 194	93,706	0.97	91,550
136	Plastic Bottle Gas-Ln Antifreeze	186,533	0.49	91,401
137	Promo Rubber Mat, 4-Piece Set, Blue	8,900	10.26	91,322
138	Lee LF-1HP Maxi Oil Filter	21,349	4.26	91,117
139	AC Spark Plugs, R44T-8BP	8,516	10.61	90,388
140	Clear Turtle Aerosol, T-250UPHOL, 14 oz	33,826	2.67	90,383

Source: These automotive figures, covering February-November 1984, were supplied by Allied Accessories and Auto Parts, Madison Heights, Mich. Allied services over 2,500 retail outlets throughout the United States, 98% of which are discount store auto departments.

Perry Converts 23 Auto Stores

PONTIAC, Mich. — Perry Drug Stores has completed conversion of the 23 Jack Lampert-Singer Super Auto Parts Stores in St. Louis to its Auto Works store format.

With the recent acquisition of 46 Corvairs auto parts stores, Perry Drug now operates 150 discount auto parts stores and 143 drug stores. Perry is projecting that auto parts will contribute 23% to its total volume in 1984, and eventually hopes the category along with prescriptions will contribute 50% of sales.

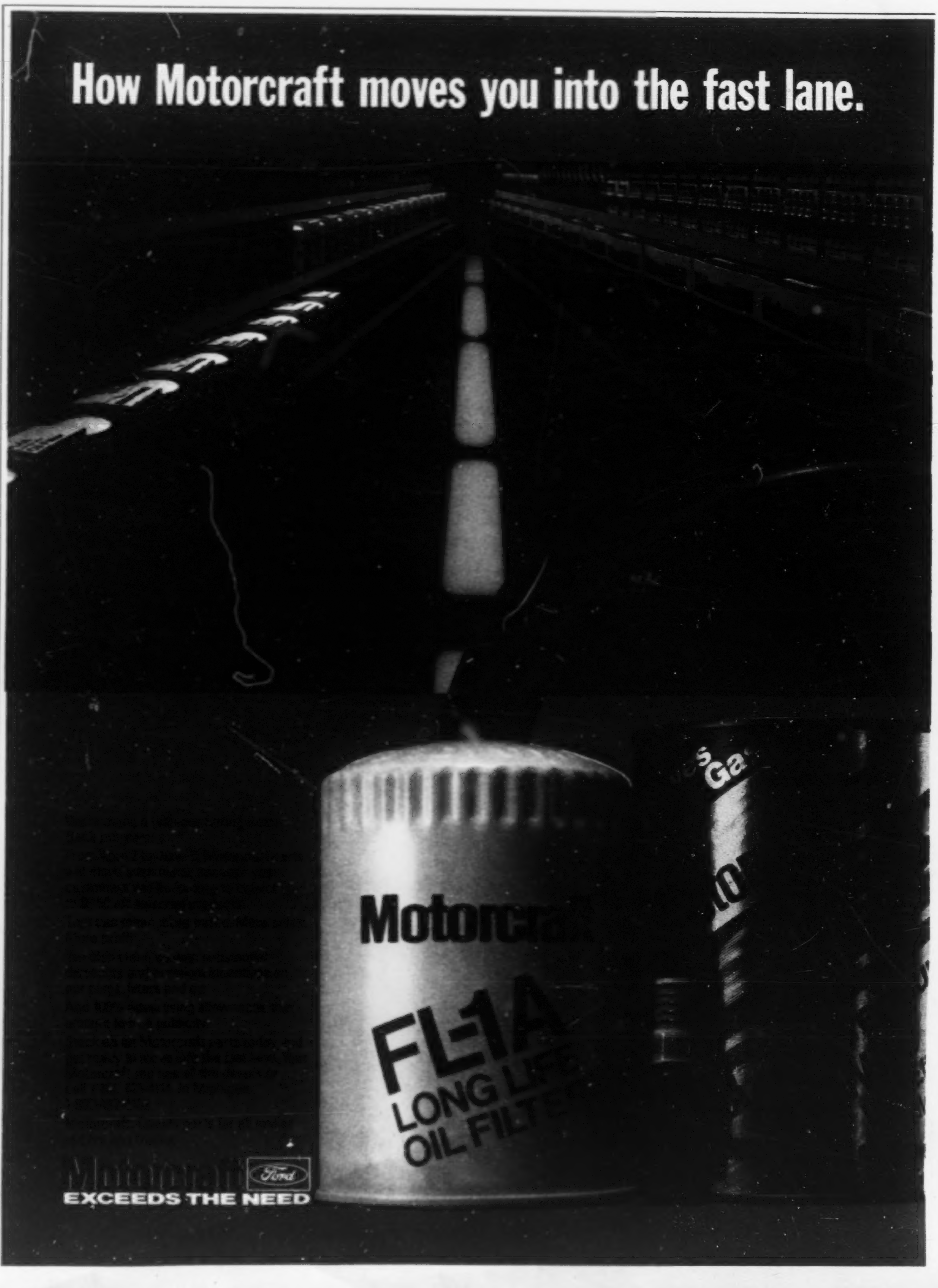
The Reason Why

A desire to quickly increase its overall gross margins is the reason for the emphasis on the auto parts business, according to a company spokesman. Gross margins in the firm's auto parts business ranged from 38% to 40%, compared with 28% to 30% for its drug and related lines, said the spokesman.

The 23 new St. Louis stores range from 3,000 to 5,000 sq. ft. A new St. Louis Metro Area Auto Works store was due to be opened at presstime in Warsaw, Ind.

Other auto parts retailers in the St. Louis Metro Area include Western Auto, Auto Shack and K mart.

Perry acquired the Jack Lampert-Singer Super Auto Parts Stores in September 1984.


How Motorcraft moves you into the fast lane.

Motorcraft
EXCEEDS THE NEED

CD (U.S.), in Getting Purdy, Adds Competitive Clout

(Continued from page 1)

been senior vice president, merchandising, means he is intimately acquainted with that cataloger's operations as well as those of Best.

Besides enhancing CD's ability to fend marketing thrusts by Service Merchandise and Best, Purdy's appointment is also seen as boosting his new company's merchandising, particularly honing its buying and making its catalog and promotions more sharply priced.

Purdy is known to be an astute merchandiser, using Service Merchandise's big checkbook to obtain the best possible deals. While CD's volume is about one-quarter that of Service Merchandise's $2 billion, the New Jersey company's approximately $400 million in sales is still seen as large enough to enable Purdy to negotiate sharp buys.

Purdy's appointment—which was expected—as president of CD (U.S.) after his leaving Service Merchandise just before Christmas under puzzling circumstances (see *DSN*, Jan. 7, p. 3) was made by CD (Canada) executive vp and chief operating officer Michael Haberman, who said:

"Everett is one of the most visible and respected merchants and executives in the catalog industry. He has been acknowledged as building one of the finest merchandising groups in the business.

"Obtaining a retail executive of [his] recognized stature is a reflection of Consumers Distributing's commitment to the United States market. Together we will work on improving the operations we now have in the United States and to interact with the best systems that our highly successful Canadian division has to offer."

Purdy, 52, will report to Haberman, who has overseen the United States arm since June 1984, when Bernard Cohen, president of that division, resigned to join Best as executive vp and president of the Best retailing group.

Another top CD executive followed Cohen to Best. Robert Rubinoff, CD's senior vp, general merchandise manager, joined Best as senior vp, merchandising. Rubinoff had been a top merchandiser at Service Merchandise under Purdy before he joined CD about two years ago.

Everett Purdy

At Best, Rubinoff recruited two Service Merchandise merchandisers, Thomas M. Schnuk, one of the top two merchandising executives under Purdy, along with George O. McClellan, a division merchandise manager, appliances.

Purdy declined to discuss his leaving Service Merchandise beyond noting he didn't resign. He did say, "I didn't know it was a crime to talk to anyone."

He had visited Toronto, Canada, to talk to CD (Canada) executives in early December.

Service Merchandise chairman and president Raymond Zimmerman had said he was surprised by what he termed Purdy's resignation. As the company's top merchandising executive, Purdy was responsible for merchandising, catalog production and advertising for the 166-showroom chain.

At CD (U.S.), Purdy becomes that cataloger's first top executive to have this broad cataloger experience. Previously, the top CD (U.S.) executives had limited, if any, such experience: Cohen's background, for example, was primarily retailing administration, with a reputation for turning around troubled companies.

Purdy now faces the challenge of turning around a red-ink operation which has been profitable only once, despite continued sales gains and the opening of 10-plus new showrooms annually during the past few years.

One major CD (U.S.) problem is maintaining a strong showroom in-stock position. The stores, which range from 10,000 to 18,000 sq. ft., tend to have less warehouse space than other catalogers with showrooms in the high-traffic metro New York, Los Angeles and San Francisco markets.

CD showrooms have to rely on rapid replenishment from the company's distribution centers in Edison, N.J., and Reno, Nev. But, the chain doesn't have a computerized sales tracking and reordering system for its stores that would provide the fastest possible restocking.

Service Merchandise, on the other hand, has maintained a high in-stock position for its showrooms and has one of the industry's most sophisticated replenishment systems.

The success of CD (U.S.) is vital to its parent. CD (Canada) executives in the past have made clear that the United States arm is the company's key growth vehicle. They explained that there were few markets left in Canada without a CD showroom, and also that nation's small population (about 25 million) limits the potential for big jumps in sales from its 213 showrooms there.

Profits

(Continued from page 2)

Stores of 1983," reflects performance of 125 chains whose 4,072 stores had aggregate sales of nearly $13 billion in the fiscal year ended Jan. 31, 1984.

Department store figures reported here focus on chains grossing at least $100 million annually.

Discounters held onto their margins better than department stores, producing a rise for the first time since 1978, as they eased their strong promotional postures minimally.

Gross margins at discounters ticked upward from 28.28% to 28.31%, partly because higher margin soft goods now account for a greater share of their mix. Department stores, on the other hand, saw their margins flutter down from 40.16% to 39.88%.

At large discounters (whose volume exceeded $750 million), gross margins averaged 28.48% of sales in 1983-84; at mid-sized chains (volume between $250 million and $750 million), margins average 27.97%, and for small chains ($250 million or less) margins averaged 28.18%.

Discounters also raised average net operating profit nearly one-third to 5.08% of sales in 1983-84. Department stores' operating profit-to-sales ratio averaged 4.67%.

The highest average net operating profit was reported by discounters with volume over $750 million, totaling 6.55% of sales. Mid-sized chains with sales from $250 million to $750 million had the lowest net operating profit, 1.98% of sales.

Per Cent of Total Sales

Factor	Full-Line Discounters 1983/84[a]	Department Stores 1983
Average Sales/Sq. Ft. Selling Area	$138.75	$138.26
Leased Sales	2.91%	5.61%
Cash Sales	—	36.03
Advertising/Promotion Expense	2.23	3.33
Accounting/Data Processing Expense	0.70	0.94
Employee Benefit Expense	2.32	3.07
Stock Turns (Owned Depts.)	3.49[b]	3.14
Stock Shortages (% of Retail Value)	1.16	1.61
Total Sales/Total Assets	3.26	2.14

[a] April 1, 1983 to March 31, 1984 period. [b] Based on monthly inventories. Sources: NMRI, NRMA.

Lobby Set vs. Blue Law

(Continued from page 1)

en-day shopping, at a ratio of 3 to 1—to convince representatives that the Blue Law doesn't reflect the wants of their constituents.

Texans for Blue Repeal is opposed by the Texas Retailers Association, which includes a cross section of store operators and car dealers.

The Blue Law issue heated up during the December holiday selling season when Target, like most other chains, opened its doors on Sunday "to protect market share," Hite said. Target has 38 stores in the state.

The Houston Retail Merchants Association filed suit against several retailers for violating the Blue Law, which puts the constitutionality of the law open to question in the courts.

Handy Dan, a home center chain which was sued and won, is now facing an appellate court decision at state level, said Linda Addison, attorney for the chain. She explained that the law might be ruled unconstitutional in court. In that instance, pending cases will be null and the law itself will be erased from the books.

K mart's Designer Depot and Shoppers World's Siegel's Fashion Station off-price stores are among other retailers being sued in Houston. Those cases are now pending in Federal court, Addison said.

In Laredo, Tex., the Blue Law controversy led to the arrest of nine store clerks during the holidays, said Graydon. It was later discovered that the purchasers of the goods sold illegally were employees of department stores that support the law, he added.

Variety Stores Converted

(Continued from page 3)

In the test program, all merchandise, advertising and store signage are being supplied by Ben Franklin.

"The only thing we don't supply, other than our name, is service," said Ben Franklin president Michael McGinnity. "We don't supply them the service we would give a franchisee."

(As all of Ben Franklin's stores are franchised, in the past new formats and remerchandising efforts were conducted in franchisee stores. Bringing the T.G. & Y. stores into the Ben Franklin system gives the variety store chain a test kitchen of its own for the first time, McGinnity noted.)

The new Ben Franklin/T.G. & Y. package revolves around several core departments: crafts, including floral and related products, and stationery/home office. Fabrics, long a T.G. & Y. merchandising strength, continues to play a focal part in the store, McGinnity said, but has been reworked to emphasize craft projects.

"Most of the stores got a heavier emphasis on products for the female customer," McGinnity explained. "Hardware, automotives and sporting goods were eliminated completely."

In addition, the stores got "out of all fashion/seasonal apparel items." There are some apparel basics in one or two of the seven San Diego stores; hosiery is in most of the units, he added.

Desser Is Dead

NEW YORK — George Desser, a pioneer of discount retailing as founder and president of Cinema Shops apparel stores, which later became the Miracle Mart chain, died.

At the time of his death, Desser was vice president and merchandise manager for Jamesway. He was previously vice president and gmm, ladies' and children's wear, of Twin Fair.

Quiz answers: 1b; 2d; 3a; 4c; 5a; 6d; 7c; 8d; 9d; 10c; photo answer: yes.

READ
CLASSIFIED ADS

CARNATION COMPANY
NOTICE TO THE TRADE

Carnation Company consistently and regularly offers various promotional and merchandising programs available to and usable by all retailers regardless of size. These include allowances for newspaper, handbill and media features, displays and other consumer directed programs. Line extension and product introductory allowances are also available.

Payment is made on adequate proof of performance furnished by retailers or their representatives.

If you would like to receive specific information on offers available to you, send your name, address and telephone number to Carnation Company, Attention: Sales Department, 5045 Wilshire Boulevard, Los Angeles, California 90036.

If you wish to be placed on our mailing list for notification of available offers, please advice our Sales Department.

C 5150-3

NSGA Show: Pp. 23-40

Jeans Mfrs. Alter Approaches: Pp. 13-15

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING
$2 per copy
VOL. 24, NO. 3
Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.
FEBRUARY 4, 1985

Lure For an Angler

This spring watch for the spread of convenient-to-sell, blister-packed reels, here on endcap pegs at Caldor, Baltimore, Md. For more on luring shoppers to sporting goods, see pages 23-40.
(DSN photo)

Stop & Shop Will Convert Almy Into Mervyn's-Like Promo Units

By KAREN PAXTON

BOSTON — The West Coast and Texas have Mervyn's. Chicago has Mainstreet. And now New England will have—the new—Almy Stores.

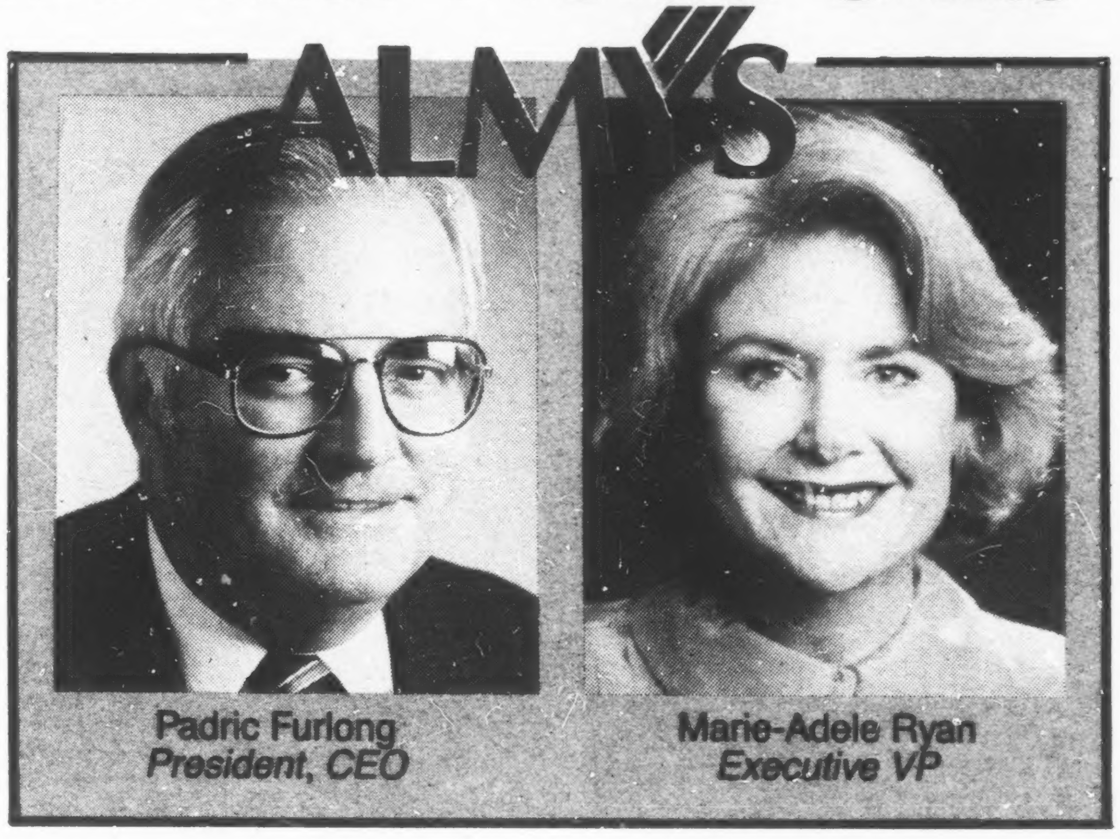
Stop & Shop Companies is planning to convert an obscure 19-unit chain of junior department stores into sharply focused and highly promotional stores for middle-income shoppers. The company is banking heavily on in-house expertise developed in its Bradlees discount store division.

Late last month the company bought 19 of the chain's 25 stores: 13 of the 55,000-60,000-sq.-ft. units are in eastern Massachusetts; two are in New Hampshire, in Nashua and Derry; two are in Rochester, N.Y.; two others are in Burlington, Vt., and Bangor, Me. The other six stores were shuttered by the previous owner, Federal Street Investors, a real estate developer, before the sale took effect.

Stop & Shop will continue to use the Almy Stores name, but everything else about the stores will eventually be changed.

Stop & Shop's decision to pur-

(Continued on page 54)



Padric Furlong
President, CEO

Marie-Adele Ryan
Executive VP

K mart Offers $500M For Pay Less Drug NW

TROY, Mich. — K mart has extended its diversification to the super drug store field through a projected $500 million cash purchase of the $1 billion Pay Less Drug Stores Northwest.

"This pretty well wraps up" the diversification effort, said chairman and chief executive officer Bernard M. Fauber, who engineered the discounter's earlier moves into the restaurant, specialty store and warehouse home center fields.

The discounter expects to show "substantial growth" for Pay Less, Fauber added, as K mart would now focus on growing its cluster of companies, rather than making more major acquisitions.

Robert E. Brewer, senior vice president, finance, said: "It's premature to talk about the growth plans for Pay Less as we don't own them yet." The cash for the acquisition, he explained, would come from the company's bank credit lines and short-term investments.

K mart's offer is $27 a share for Pay Less's 18 million shares outstanding. This includes an option for the discounter to buy for the same price up to 1,771,288 authorized but unissued Pay Less shares, which amount to 9.8% of the outstanding stock.

Brewer downplayed Wall Street speculation that Pay Less's stock would jump higher than $27 a share, possibly reaching the low 30's "We have offered an adequate price and I don't believe the price will be a problem."

The price for the stock and the option were part of the definitive agreement reached by the boards of the two companies. The actual tender offer was made at presstime.

The deal needs the approval of Pay Less stockholders, with K mart expected to be the largest through its offer as well as its option to buy up to 9.8% of the outstanding shares.

Pay Less chairman Edward B. Hart said the drug chain would remain an autonomous company and continue to be operated by its present management after the merger.

Affirming this, Brewer said K mart "didn't pay $500 million to acquire real estate. We're acquiring management expertise and entry into the discount drug store field."

K mart will treat Pay Less like its other diversifications, he said, with the drug chain reporting to Frederick M. Stevens, executive vp of specialty retailing, and with one K mart executive moved to the Pay Less Wilsonville, Ore., headquarters as a liaison between the two companies.

Brewer noted that "it had been public knowledge that

(Continued on page 5)

Kmart
Pay Less Drug Stores
Northwest Inc

Strong Duckwall-ALCO Growth Prompts $105M Buyout Bid

ABILENE, Kan. — Strong sales and earnings growth prompted a $105 million leveraged buyout bid for Duckwall-ALCO, said company president Robert Soelter.

Soelter, 59, is leading the investor group that hopes to take the discount/variety chain private this spring, and make it public again in four to seven years.

The $21-per-share bid for all 4.98 million shares outstanding was 56% higher than the stock's $13.50 trading price on Jan. 7, and was approved by the Duckwall-ALCO board the next day.

If the deal is consummated this spring, ALCO will be owned by management and E. F. Hutton LBO, the investment firm that approached Soelter and other officers last September to initiate the buyout.

Coincidentally, chairman A. L. Duckwall Jr., 65, the last member of the founding family in the business, planned to retire last week, on Feb. 1. He favors the buyout because "present management should own much of the company. It's time I stepped aside," Duckwall said.

The bid was not intended to pre-empt others, nor is it an attempt to attract suitors, Duckwall and others said.

By late February, Soelter's group expects to hear a private decision from its prospective lender about financing the buyout. (The agreement in principle contains no time limit

(Continued on page 54)

IN BRIEF

- **HECK'S WILL UNVEIL ITS LARGEST PROTOTYPE** store in New Boston, Ohio, late in July. The 60,000-sq.-ft. store is about 20,000 sq. ft. larger than Heck's largest existing store. The added space is intended to make the chain more competitive through larger merchandise assortments, and an expanded checkout area, garden center and snack bar.
- **JOHN HACALA, SENIOR VP, GMM, VENTURE STORES,** is leaving to become president of Spencer Gifts, Pleasantville, N.J., a mail-order firm and retail operator of over 400 giftware and jewelry outlets. Spencer rang up about $300 million in sales last year.

Digest

Feb. 4, 1985

SPORTING GOODS SHOW

- **Discount chain sporting** goods buyers headed for the NSGA show in Dallas facing a challenge: how to merchandise the hot exercise gear category in view of an upgrade trend. (Special section, pp. 23-40.)

STOCK UPDATE

- ***DSN* with this issue begins a** new monthly feature (p. 4) charting stock prices. The listings reveal that Toys "R" Us was the biggest loser, with Cook United the top gainer.

CONSUMER ELECTRONICS

- **Discounters are looking to** promote clock radios at a new low of under $10, while catalogers and specialty chains take the upgrade route. (p. 11)

APPAREL

- **Jeans makers vary their approaches to the discount market.** (p. 13)

Index

Apparel 13-15
At the Source 42-43
Catalog Showroom News 9
Classified 50-52
Consumer Electronics 11
Domestics 45
Editorial 6
Executive Changes 5
H&BA 16
On My Beat 6
Washington Report 6

% of Shoppers Who Prefer Discount Stores For . . .

Category	March 1984	Dec. 1984	Percentage-Point Change
Toys	31%	48%	+17
Casual clothes	9	21	+12
Sporting goods	19	27	+ 8
Electronics	13	24	+11
Auto supplies	13	13	—
Dressy clothes	6	10	+ 4
Domestics	NA	30	—
Children's clothes	NA	33	—

NA: Not available.
Source: DSN/Leo J. Shapiro & Associates

The percentage of shoppers who cited full-line discount stores as the preferred retailer showed a substantial increase in the December 1984 survey as compared to the previous study.

Discounters' Hold Gets Stronger

(Continued from page 14)

December compared to the percentage just nine months earlier.

These gains for discounters ranged from a four-percentage-point jump for dressy clothes from 6% in March to 10% in December, to a 17-percentage-point increase for toys, from 31% to 48%. Only auto supplies, at 13%, showed no change; 8.6 percentage points was the average gain for discounters for the six categories tracked in the two periods.

Full-line and specialty discounters' ability to maintain their low-priced image was maintained or improved at the same time these retailers boosted their status as merchants of name-brand and quality goods. This favorable situation was evident in consumers' ranking of nine shopping factors cited as the reasons why they bought in a full-line or specialty discounter.

Lowest price was the No. 1 factor in both the March and December rankings. Quality merchandise jumped from No. 4 in March to No. 2 in December, while name-brand goods remained No. 6 in both periods.

The factor with the biggest decline was buying goods as needed, without waiting for a sale, which slipped from No. 5 to No. 9 in December.

This switch in shoppers' motivation to buy in a discount store denoted the change in the retailing environment in which consumers expected to—and were able to—find a greater variety of merchandise offered at less than full price from more retailers.

This situation—especially evident during the holiday fourth quarter—resulted in discounters stepping up their promotional advertising; in turn, promotional sales as a factor in consumers shopping discounters jumped from No. 9 to No. 5 in the December ranking.

The potential long-range trend of a major jump in discounters' promotional advertising is open to question. In the holiday fourth quarter, discounters and other retailers had expected a strong sales period and they went into the Christmas season with heavy inventories. Sales in the early part of the holiday period were light, triggering major promotional efforts from most—if not all—retailers. The increased discounters' sales activities could be a reflection of the specific 1984 holiday period or a herald of a major trend; the next survey results to be released later this year could provide an answer.

The nationally projectable interim study conducted in December surveyed 450 households. The larger ongoing project polls more than 1,500 households and will be the basis for the later study.

Stores' Heightened Yule Promo Activity Didn't Change Shopper Buying Patterns

CHICAGO — Despite the heightened promotional activity of discounters and other retailers during the pre-Christmas sales period, shoppers didn't change their buying patterns at that time, according to a consumer buying study.

The study, conducted for *Discount Store News* by Leo J. Shapiro and Associates, found that full-line and specialty discounters were more aggressive in their promotional activities than competing retailers like conventional department stores and the Big Three general merchandisers, Sears, Penney and Ward.

While there were more promotional sales among all retailers, consumers didn't change their buying pattern, with only 46% of those questioned in the December period reporting visiting the store to shop the sale,

(Continued on page 85)

Where Consumers Learned About a Promotion[a]

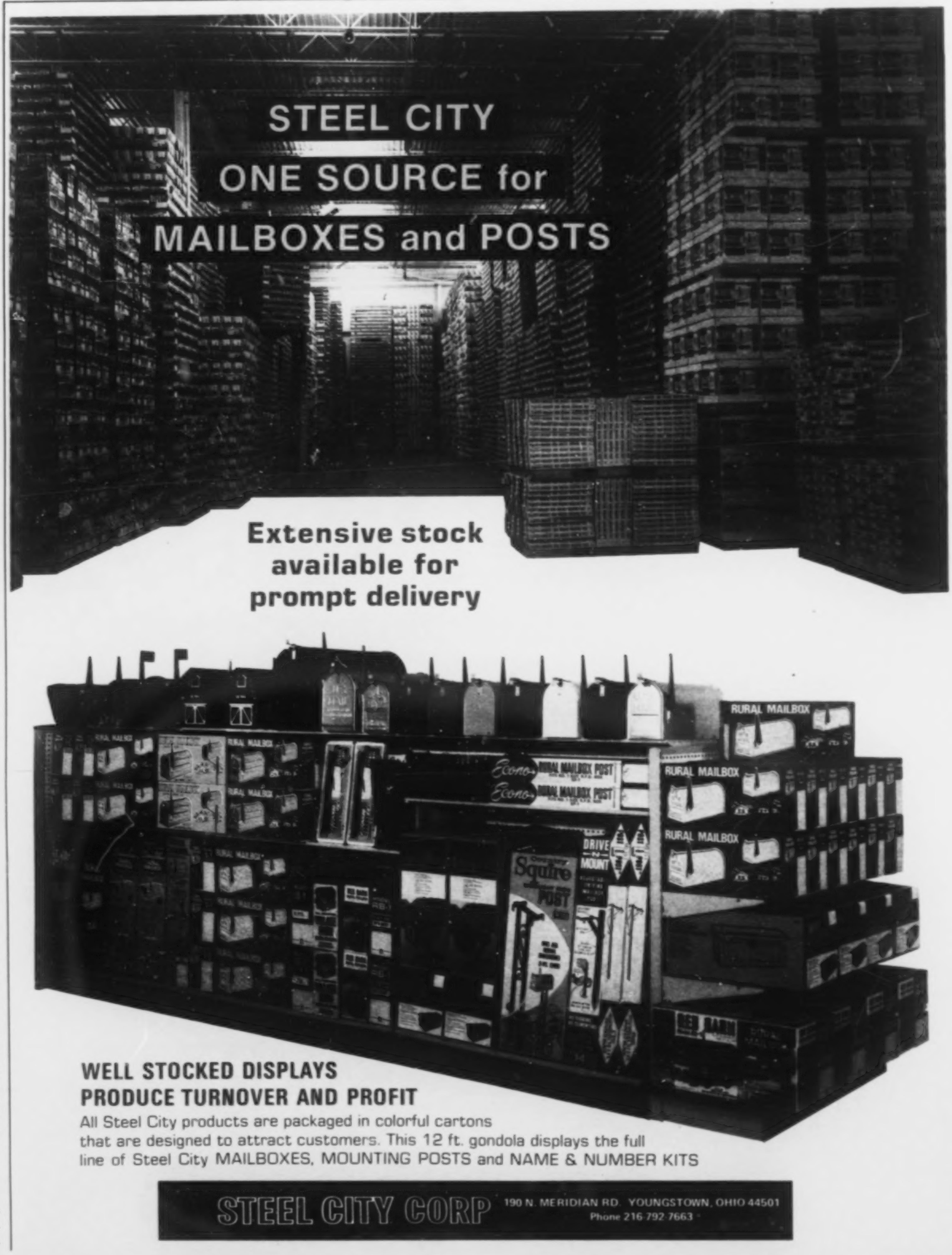
Source of Info	Full-line Discounters	Full-line Department Store	Big Three General Merchandisers
Newspaper	88%	71%	64%
Direct Mail[b]	0	15	19
At store	7	3	10
Word of mouth	8	7	3
Others	2	4	0
Don't remember	4	2	4

[a] More than 100% due to multiple answers.

[b] Promotion specifically designed for mail, usually sent to store's credit card customers.

Source: DSN/Leo J. Shapiro & Associates

Newspapers are the key source for information about promotions for all full-line retailers, but lack of a list of consumers that shop its stores has prevented discounters from using direct mail.



STEEL CITY
ONE SOURCE for
MAILBOXES and POSTS

Extensive stock available for prompt delivery

WELL STOCKED DISPLAYS
PRODUCE TURNOVER AND PROFIT

All Steel City products are packaged in colorful cartons that are designed to attract customers. This 12 ft. gondola displays the full line of Steel City MAILBOXES, MOUNTING POSTS and NAME & NUMBER KITS

STEEL CITY CORP 190 N. MERIDIAN RD. YOUNGSTOWN, OHIO 44501
Phone 216-792-7663

Data Capture in the Retail Industry (% of positive response)

	Chains Doing Under $100 Million	Chains Doing $100-$500 Million	Chains Doing Over $500 Million	Mass Merch. Stores	Dept. Stores	Specialty Stores	Comb./Grocery Stores	All Participants
POS System installed	70%	81%	84%	74%	96%	62%	93%	78%
Scanning/Wanding used at POS terminal	6	14	43	18	11	3	73	20
Scanning Technology Used:								
OCR	0	8	27	18	23	10	0	14
UPC	17	16	41	18	8	0	72	25
Magnetic	0	4	0	0	8	0	0	2
Bar Code	0	8	0	0	0	0	14	3
Several of the above	0	4	0	5	0	0	0	2
None	83	60	32	59	61	90	14	54
Key entry of the SKU number:								
Primary data capture method	86	86	64	85	83	100	27	80
Backup for scanning/wanding	5	6	18	4	4	0	45	9
Special occasions only	0	6	14	7	0	0	27	6
Do not use	9	2	4	4	13	0	0	5
Tear-off Tickets to capture unit control data	21	19	13	13	19	28	7	18
Tickets read:								
On sales floor	0	3	0	0	6	0	0	1
Store back room	4	11	14	13	17	0	11	10
Home Office D.P. Center	19	14	5	3	16	2	0	13
Service Bureau	4	0	0	0	0	4	0	1
Not used	73	72	81	83	61	69	89	75
POS System to be installed in the next 18 months:								
OCR	0	2	0	3	0	0	0	1
UPC	9	6	17	16	4	0	27	10
Bar Code	6	2	3	3	0	9	0	4
Magnetic	0	2	0	0	4	0	0	1
Key entry/short SKU	18	15	10	18	15	12	7	14
Key entry/long SKU	3	0	7	2	4	3	0	3
Other	0	0	0	0	0	0	0	0
POS not planned	21	4	7	8	8	19	0	10

Source: Arthur Young

MIS Areas

(Continued from page 2)

paced most of the other groups of retailers polled: 15% of the department stores, 41% of the specialty stores and 60% of the combo/grocery stores said they would enhance or develop store-level systems in the next two years.

That the trend has accelerated significantly for retailers to integrate MIS into their overall business strategies was underscored with eight out of 10 of those chains polled reporting they have a written plan for MIS activity. Additionally, 71% of the retailers noted they had established a data processing steering committee to coordinate MIS with corporate strategy as well as to disseminate information to other areas of the organizations.

See more charts, p. 87.

Overall, MIS spending for the group of 111 companies increased 18% to 0.92% of sales in the period under study—1982 to 1983—the most recent years for which figures were available.

At the same time, personnel costs during the period dropped from 0.52% of sales in 1982 to 0.39% of sales in 1983.

Shoppers

(Continued from page 15)

up one percentage point from the previous survey conducted in March.

Discounters' more aggressive promotional stance was evident from the fact that 33.2% of the shoppers heard about sales that were being run by full-line and specialty discounters; K mart sales, specifically, were noted by 14.5%.

Sales at the Big Three general merchandisers were noted by 16.2% of the shoppers surveyed, while promotions run by conventional department stores were cited by 25.8%.

As for the sales at discounters, those run by traditional discounters other than K mart were cited by 11.3% of the consumers; those by upscale discounters by 4.5%; those by catalog showrooms, 1.5%, and those by specialty discounters, 1.4%.

YOUR LICENSE TO SELL.

In every product category . . . clothing, accessories, sporting goods, toys, food, home furnishings and more . . . licensing has often made the dynamic difference between flat and robust sales.

The records speak for themselves: licensing is an unparalleled success. A merchandising bandwagon that continues to roll along. At full speed. In all product categories.

So, whether you already feature licensed products and want to add new lines or are looking to explore the $20 billion licensing phenomenon for the first time, there's only one place to go. And that place is LICENSING '85 . . . The Fifth Annual American Licensing and Merchandising Exposition and Conference, June 11-13, 1985 at the New York Coliseum.

Plan now to attend.

Co-sponsored by the industry's two leading associations, the Licensing Industry Association and the Licensed Merchandisers Association, LICENSING '85 is a unique opportunity to see the most comprehensive display of licensed merchandise ever assembled under one roof. Products that can increase your sales . . . and boost your profits, too!

Come learn from industry experts who can help you get the most from the concept that is revolutionizing retailing across this nation.

Simply return the coupon and we'll send you complete details.

LICENSING '85
THE ANNUAL LICENSING AND MERCHANDISING CONFERENCE AND EXPOSITION™
NEW YORK COLISEUM
JUNE 11-13, 1985

LICENSING '85
NEW YORK COLISEUM
JUNE 11-13, 1985

☐ Yes, I want to attend the premier event of the industry. Please send a visitor information packet.

☐ My company may be interested in exhibiting. Please send me complete details.

Name ____________________
Title ____________________
Company ____________________
Address ____________________
City ____________ State ________ Zip ______
Telephone (___) ____________________

Please return to: LICENSING '85
Expocon Management Associates, Inc.
3695 Post Road, Southport, CT 06490

MIS Areas to Be Implemented

(Continued from page 85)

Microcomputer Use in the Retail Industry

	Sales			Type of Store		
	Under $100 Million	$100-$500 Million	Over $500 Million	Mass Merch. Stores	Dept. Stores	Specialty Stores
Microcomputers are included in the operating plan*	61%	77%	87%	82%	77%	62%
MIS approval is required for microcomputer purchase*	79	65	33	33	58	46
Microcomputers are used independently of the main data processing system*	61	95	82	90	71	81
Average number of microcomputers currently installed	2	16	172	104	28	13

*Per cent responding positively.

Source: Arthur Young

MIS Department Policies (% of Companies Responding Positively)

	Sales			Type of Store		
	Under $100 Million	$100 Million-$500 Million	Over $500 Million	Mass Merch. Store	Dept. Store	Specialty Store
Produce Annual Plan:						
Internal to MIS	0%	8%	0%	0%	8%	3%
Part of firm's operating plan	36	58	77	53	58	56
Microcomputers included in plan	61	77	87	82	77	62
Word processing included in plan	30	50	70	55	46	37
MIS approval required for micro purchase	9	27	40	24	38	16
MIS approval required for word processing installation/acquisition	12	21	37	21	31	16
Companies having a data processing steering group	58	73	83	76	69	60

Source: Arthur Young

Mixed Bag of Bills Introduced in States

(Continued from page 81)

SB228 would allow retail establishments in Allegheny County to conduct business after 1 p.m. on Sundays.

SB268 would allow retail establishments in Baltimore County to be open on all the consecutive Sundays between Thanksgiving and Christmas.

Mississippi

HB130 would repeal the Sunday selling restrictions. It would allow local political subdivisions to adopt such restrictions.

SB2050 would provide for local options regarding Sunday selling restrictions.

Missouri

HB144 would allow the city of St. Louis to exempt any area of the city from the Sunday selling restrictions.

HB154 would exempt the sale of tires or automobile parts from the Sunday selling restrictions.

SB30 would allow the city of St. Louis to exempt any area of the city from the Sunday selling restrictions.

SB182 would prohibit lessors of space to retail merchants from inlcuding any requirements in a lease or similar document that the merchant must remain open on Sundays.

Reed st. James

(Continued from page 46)

Chains like Ames and Jamesway are now looking increasingly to Reed st. James to build a dress-up segment on top of their men's wear business. The brand's suit coordinates chainwide and Jamesway is running a 25-store test.

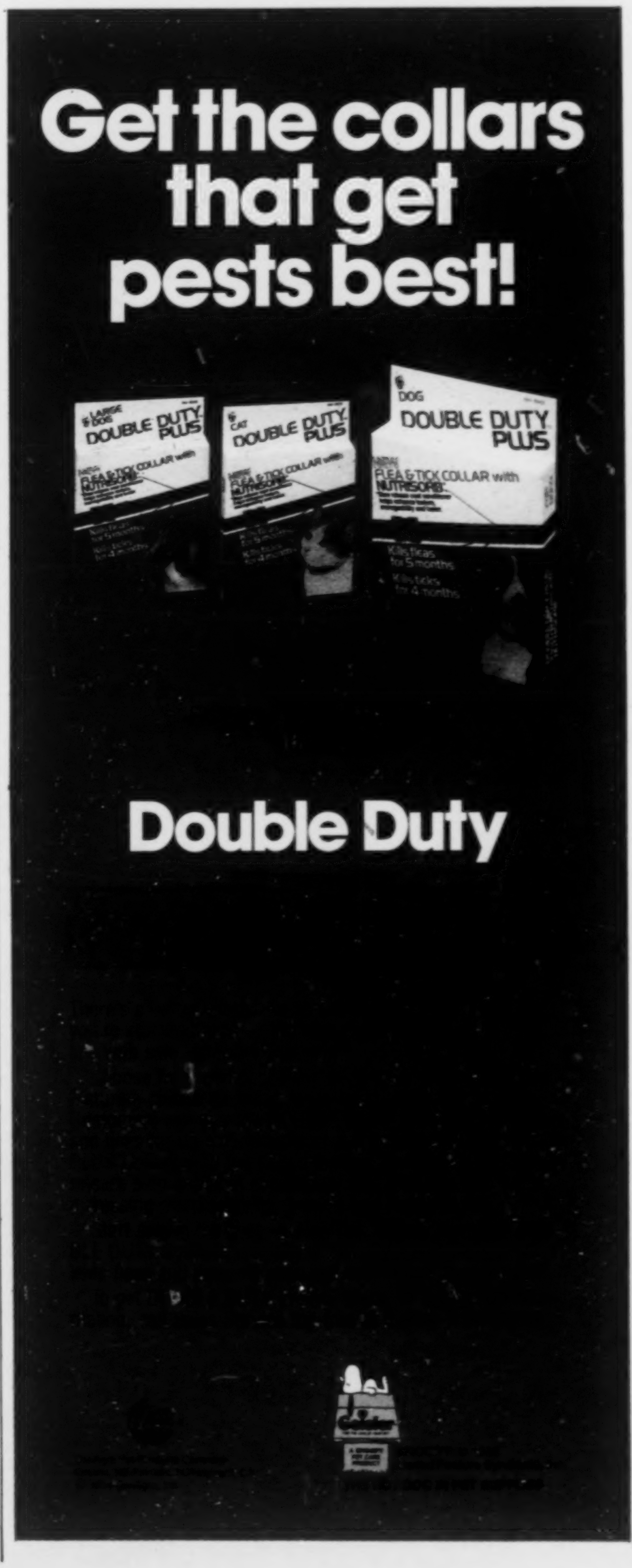
Other chains, such as Hills and Zayre, are sticking with more established lines such as McGregor to offer slacks and sportscoats.

Meanwhile, Haggar and all the Reed st. James licensees will be working to coordinate their efforts, Landau said. For fall, Haggar will offer "many more pleated numbers, more of a relaxed silhouetted in fitted slacks and wool/polyester blends instead of all-polyester or polyester/rayon blends."

"They [retailers] wanted wool," said Landau. "They don't want to buy an Arrow fitted shirt or a Jantzen sweater and put it next to polyester pants."

R. J. REYNOLDS TOCACCO COMPANY
NOTICE TO THE TRADE
TO THE RETAIL TRADE:
R. J. Reynolds Tobacco Company wishes to remind you of its display programs for all retailers selling cigarettes "over-the-counter."
R. J. Reynolds offers merchandising performance allowances to all competing retailers who sell our products. All such offers require display of cigarette brands designated by R. J. Reynolds and are categorized as follows:
- Carton and Package Merchandising programs.
- Permanent Counter and Floor Display programs for packages and cartons.
- Temporary Package and Carton display programs.
From time to time we also make available point-of-sale display materials and promotional offers for in-store use.
Payment is made on a monthly, bi-monthly, or quarterly basis, as designated in each program.
If you would like to receive further information on our programs, contact your R. J. Reynolds Representative, or send your name, address and telephone number to:
R. J. Reynolds Tobacco Company
Sales Department
401 N. Main Street
Winston-Salem, NC 27102
R. J. REYNOLDS TOBACCO COMPANY

START IMPORTING/ EXPORTING*
DREYFUS INTERNATIONAL CORP**
You can now Deal Direct. Dreyfus has over 4,000,000 International and Domestic names and addresses available for everyone's special needs.
Dreyfus has names of manufacturers worldwide. Plus we give names of International and Domestic Sales Agents and Buyers who deal in the particular product category you are interested in.
212 362-5333
CALL NOW



Housewares Show: Pp. 25-82

Photo Marketing Assn. Show: Pp. 89-98

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

VOL. 24, NO. 7

Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.

APRIL 1, 1985

Packaged Software: Path To Quick Computerization

Nationwide DSN Report

Small- and medium-sized retailers and new, start-up chains are turning to the use of packaged software programs as the quick and inexpensive way to computerize their merchandising and accounting operations.

An inclusive packaged software program that covers a broad range of accounting and merchandising functions, including dollar and unit sales, inventory control, purchase order management, etc., can be purchased for around $150,000.

However, retailers starting from scratch could take three to five years, spend $1 million to $4 million and need 15 to 20 people to develop their own similar software programs, according to Herbert J. Kleinberger, director of retail systems consulting for Price Waterhouse, who has been tracking retailers' use of packaged programs.

S. E. Nichols, Silverman's, H. J. Wilson, Pace, Michigan Sporting Goods, Bigg's, Price Savers, Rich's and Prange Way are among the growing number of retailers that turned to packaged software as the means to computerize some or all of their merchandising.

(Continued on page 113)

H. J. Wilson Nixes Buy Bid, Reportedly by Service Mdse.

BATON ROUGE, La. — H. J. Wilson seems to have turned down an unsolicited acquisition offer from an unidentified company—reportedly Service Merchandise—after discussions with that firm.

H. J. Wilson executives declined to identify the other company or the terms of its proposed offer. The cataloger's management would have to support any acquisition bid for it to be successful, as company founder, chairman and president Huey J. Wilson and his wife own about 37% of the stock and can control the voting of another 23%.

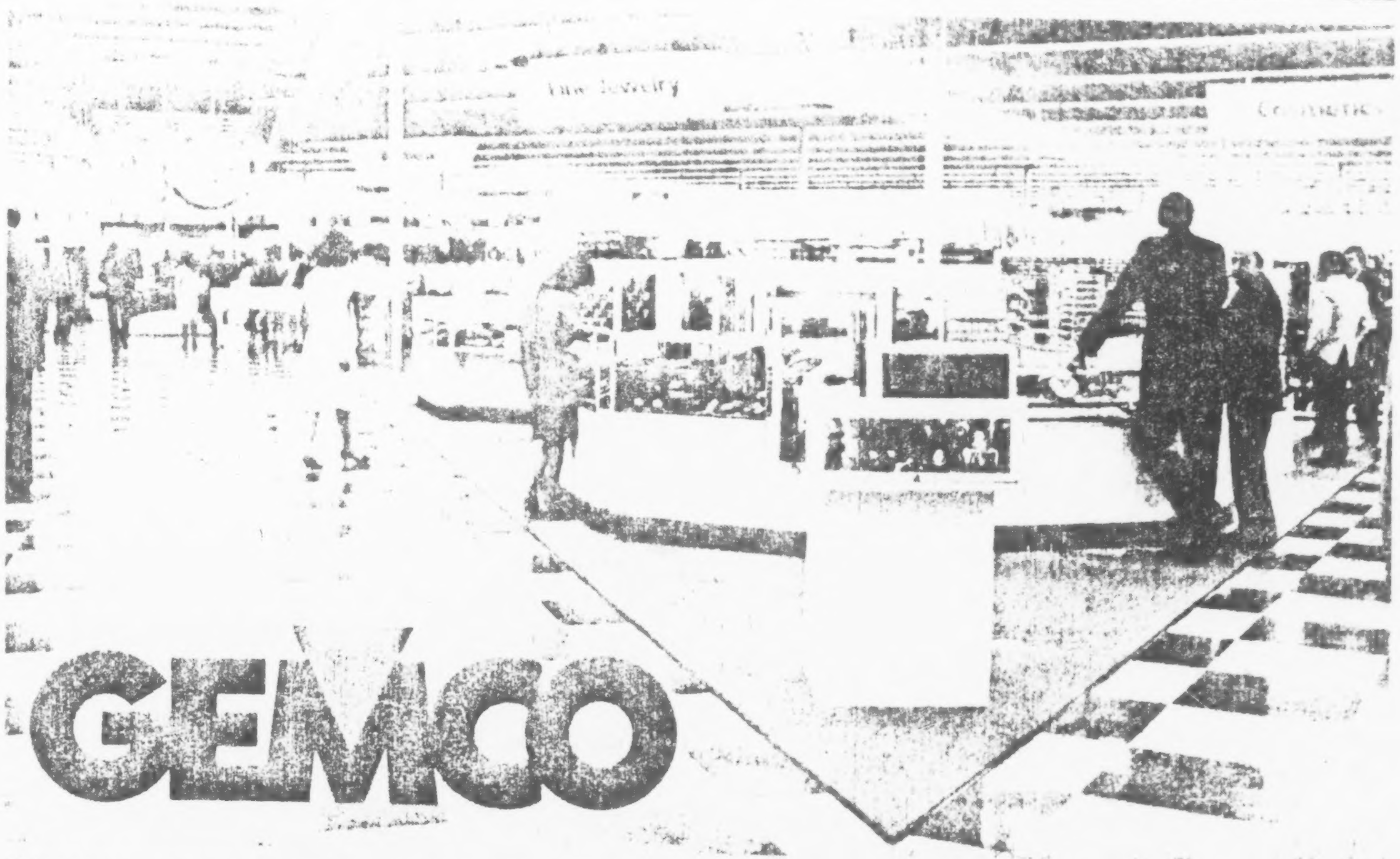
Service Merchandise chairman and president Raymond Zimmerman said he had no comment on the matter.

Over-the-counter market trading in H. J. Wilson's stock was halted on March 15, after a week of steady activity had pushed up the price to a high of 16⅜. Wilson and Gregory J. Cotter, the cataloger's senior vice president and chief financial officer, met with officials of the other company that day.

After the weekend, when trading in H. J. Wilson stock resumed on March 18, the price had dropped to around $14 a share on very active trading. The low for the year is 10⅜.

Cotter said H. J. Wilson's only comment would be the

(Continued on page 114)



What Gemco executives call the yellow brick road takes shoppers down the main aisle, set at a 45-degree angle to the front door, to the supermarket area at rear. *(DSN photo)*

New Gemco Prototype Restaged To Bolster One-Stop Shopping

By BETH A. SEXER

ROWLAND HEIGHTS, Calif. — In its newest prototype here and in Encinitas, Gemco is doing what it's never done before: sharpening its one-stop shopping capability with a restaging of its food and general merchandise areas.

Using an 80's cool pastel peach and mauve palette, wide traffic aisles of blue and white checkerboard tiles, and a hanging neon-lit center-piece toward the rear of the store (heralding the entrance to the supermarket) Gemco has put its five million active members on notice that something different is going on here.

(The merchandise is the same as at other units. Reworking the mix will go on chainwide.)

Gregg Morris, manager of store planning and merchandise presentation, described the effort: "This is a simple, exciting clean look. It's a calming environment, but it's not another beige store."

See photos, pp. 102-103.

Market research told the chain one-third of Gemco customers shop for general merchandise only, one-third for food only and one-third for both, said David Dorman, executive vp. As a result, Gemco—with the services of the Walker Group, a New York City design firm—is trying to engineer the traffic flow so consumers can shop just for food, or just for general merchandise quickly, at the same time exposing them to as much of the store as possible.

The chain has worked steadily for the past two years on this,

(Continued on page 113)

IN BRIEF

- **THE MOOD OF DIS**counters at the National Home center Show in Atlanta was upbeat. Buyers for major chains like K mart, Gold Circle, Heck's, Ames and S. E. Nichols said they were looking closely at new generations of space heaters, air misters, closet organizers and other items to expand their home-care programs.

- **AFTER TWO YEARS IN** operation, one of the eight Target stores in the Greater San Diego Area has closed. The unit, located at 6611 University Ave., was shuttered in mid-March and was one of 33 stores acquired from FedMart in 1982.

- **Garment Rack,** the three-unit chain K mart created in 1983 to serve as a closeout vehicle for its off-price Designer Depot operation, is being phased out, said Designer Depot director Bob Mulligan. By year's end all three 30,000-sq.-ft. units will be converted to Designer Depots.

Kitchen WARES
ACCESSORIES

Electrics Seen Housewares Show Star

CHICAGO — Discounters and catalogers were expecting this International Housewares Exposition to be different.

A burst of new appliances was expected to move front stage at the 82nd semiannual show, unlike the past few Chicago exhibits, at which tabletop and cookware fashion were focal points and limited new products surfaced to stimulate extra business.

Key suppliers were introducing a new wave of cordless mixers, can openers and knives; more programmable compact microwaves; under-the-cabinet food processors and toasters; lower-priced electronic blood pressure kits and scales; cordless stick vacuums, and sleek hair care items in neon colors.

Many of these products

(Continued on page 114)

DSN Digest

April 1, 1985

PHOTO SHOW

- **Heading for the photo show,** buyers looked to broaden assortments of the 35mm autofocus rangefinder cameras they say will drive their departments this year. (Special section, pp. 89-98)

Index

Apparel 18-23
At the Source 82
Catalog Showroom
  News 14
Classified 104-111
Consumer Electronics 85
Editorial 6
Executive Changes 11
H&BA 16
Housewares 25-82
Photo 89-98
Product Movement Audit
  Housewares 51, 60, 72
Stock Update 4
Washington Report 6

BATH

$ ank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1107 Grayline king-size shwr caddy	4,512	5.12	23,101.44
2	460-401 Excell shwr crtn asst, 24	937	6.29	5,893.73
3	443 Selfix port wall/hand shwr	538	10.52	5,659.76
4	C-441 Selfix shampoo spray	1,792	2.24	4,014.08
5	3300 PM Borg scale, square, almnd	195	16.19	3,157.05
6	999-03 Excell shwr crtn inr w/mg, clr	1,012	3.05	3,086.60
7	3300PM Borg scale, square, brown	190	16.19	3,076.10
8	3300PM Borg scale, square, white	167	16.19	2,703.73
9	7210PM Borg scale rectangular, white	120	21.59	2,590.80
0	7210PM Borg scale, rectangular, brown	115	21.59	2,482.85
1	850N-90 Cnair Afrdble digital brown	68	35.99	2,447.32
2	850N-10 Cnair Afrdble digital white	66	35.99	2,375.34
3	999-02 Excell s/curt liner w/mag bone	756	3.05	2,305.80
4	3306PM Borg scale wicker brown	105	18.89	1,983.45
5	6060-03 Excell shw curt hooks clear	1,228	1.43	1,756.04

PLASTICS

$ ank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	364 Loma 32-gal garbage can, green	1,690	10.79	18,235.10
2	A-185/6 Aurora plas pastry board 15x20"	666	15.29	10,183.14
3	A-175/6 Aurora plas cutting board 9x15"	1,218	7.19	8,757.42
4	60061 Cadence stemtrak clear acrylic	1,435	5.84	8,380.40
5	1048 E/1 spray botl pint all-purp	5,855	1.43	8,372.65
6	A-174/6 Aurora plas cutting board 8x12"	1,476	5.03	7,424.28
7	156 Frzette uprite set (3) 1 qt	2,190	2.96	6,482.40
8	12-695 Hutzler triggr cook gun w/dspy	594	10.25	6,088.50
9	154 Frzette uprite set (5) 1 pt	1,914	2.96	5,665.44
0	155 Frzette uprite set (4) 1.5 pt	1,878	2.96	5,558.88
1	2757 Superseal 2-qt decanter clear	2,786	1.97	5,488.42
2	1024 E/1 spray bottle qt all purpose	2,832	1.79	5,069.28
3	189 Arrow colander 4-qt asst	3,024	1.52	4,596.48
4	8452 Superseal measure cup 16 oz	3,280	1.34	4,395.20
5	158 Frzette uprite cont ½ gal	1,404	2.96	4,155.84

GADGETS

$ ank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	8153-2 Sunbeam timer short ring, almnd	2,284	8.99	20,533.16
2	36835 Heuck turkey lacer 6-pins	28,076	0.71	19,933.96
3	102-AC R/K refl bowl, 8" plug-in element	6,240	3.05	19,032.00
4	8153-1 Sunbeam timer, shrt rng, white	2,064	8.99	18,555.36
5	1835 E-Z foil 10-pk baby loaf pan	7,512	2.42	18,179.04
6	PA6-40 MLT cone fltr no 6 (10 cup) 100 ct	4,992	3.59	17,921.28
7	107 Saw cn opn, "Jr," sml hand, asst	6,414	2.78	17,830.92
8	101-AC R/K refl bowl 6" plug-in element	6,816	2.60	17,721.60
9	407-A Saw can opn "5 Yr," hand, almond	2,911	5.39	15,690.29
0	3074 S/W floursack dishtowel 22x37"	14,218	1.07	15,213.26
1	104 L/J EZV adjstble roast rack	2,096	7.19	15,070.24
2	407-C Saw can opener "5 yr" hand choc	2,703	5.39	14,569.17
3	SCM10/6 MLT coffeemaker system 10 cup	1,634	8.99	14,689.66
4	00722 Chny therm tube cdy/jel/fry	6,257	2.24	14,015.68
5	1820 E-Z Foil 6-pk lrg loaf pan	5,651	2.42	13,675.42

GLASSWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	515 Libbey 4-pk wine Citatn, tall, 6 oz	2,642	7.46	19,709.32
2	2410 I G Crys egg/relish tray 11"	2,363	8.09	19,116.67
3	3053291 Durand bulk antique xtal beverage	9,564	1.97	18,841.08
4	514 Libbey 4-pk flute Citatn crystal	2,082	7.46	15,531.72
5	108 Libbey set 24-pc Bolero, tawny	925	16.19	14,975.75
6	519 Libbey 4-pk goblt Citatn, crystal	2,000	7.46	14,920.00
7	106 Libbey set 24-pc Bolero, blue	913	16.19	14,781.47
8	3678 I G crys 5-part rect relish try	1,706	8.63	14,722.78
9	350-6 Twilight lamp oil qt, red	6,590	2.15	14,168.50
10	300279A A/H Set 18-pc "Arlntn" punch bwl	880	15.29	13,455.20
11	4690 I G crys 3-pc salad set crimped	1,416	8.45	11,965.20
12	107 Libbey set 24-pc Bolero, gold	732	16.19	11,851.08
13	3053301 Dur bulk antique xtal cooler	5,508	2.15	11,842.20
14	350-1 Twilight lamp oil qt red	4,968	2.15	10,681.20
15	609 Libbey giant pig crystal 5 gal	336	30.59	10,278.24

MICROWAVE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	62304 Nordic Micro-Go-Round	1,271	50.39	64,045.69
2	PM469T1 A/H Micro bn rck 12x10"	3,770	7.01	26,427.70
3	PA600112 A/H Micro turntable springpowr	644	35.99	23,177.56
4	MW-2 Corning micro brwning grill	422	34.19	14,428.18
5	PM481T1 A/H Micro vera pan w/dv cov 1 qt	1,943	7.01	13,620.43
6	63204 Nordic Micro bn meat rk	1,578	8.09	12,766.02
7	PM497W1 A/H Micro cooking shelf	930	12.86	11,959.80
8	PM400126 A/H Micro pppr/atm rater	898	12.86	11,548.28
9	P-150 Corning Grab-It set (2), white	708	13.04	9,232.32
10	MW-A10 Corning 10" cov brwning skill	276	32.84	9,063.84
11	PM 486T1 A/H Micro divided plate w/cover	1,228	7.01	8,608.28
12	669 Frmat mw cart walnut	91	94.49	8,598.59
13	PM 447T1 A/H micro round muffin pan 6 cup	1,032	7.01	7,234.32
14	PM 459T1 A/H micro baking ring 2 qt	1,014	7.01	7,108.14
15	466 Microette plate cover clear	1,170	6.02	7,043.40

DINNERWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	16-N Corelle 16-pc set, white	434	34.19	14,838.46
2	T-20-82 Crnrstn 20-pc set, China Blossom	174	71.99	12,526.26
3	16-23-N Livingware 16-pc set, Morng Blue	282	34.19	9,641.58
4	418 Corelle med bowl (4), white	675	13.94	9,409.50
5	16-24-N Livingware 16-pc set, burgundy	269	34.19	9,197.11
6	110 Corelle lrg plate (4), white	552	14.39	7,943.28
7	2020-12 Expression 20-pc set, Indian Summer	102	70.19	7,159.38
8	108 Corelle med plate (4), white	525	12.59	6,609.75
9	2020-7 Expression 20-pc set, Wildflower	87	70.19	6,106.53
10	T-20-81 Crnrstn 20-pc set, Royal Garden	81	71.99	5,831.19
11	3216-34 Dnnsn-4 16-pc set, slate	103	51.29	5,282.87
12	106 Corelle sm plate (4) white	411	12.14	4,989.54
13	410 Corelle 10-oz bowl (4) white	367	12.14	4,455.38
14	2020-18 Exprsn 20-pc set, Desert Blossom	94	45.31	4,259.14
15	T-20-87 Crnrstn 20-pc set, Summer Mist	52	71.99	3,743.48

PYREX

$ nk	Item	Unit Movement	Average $ Retail	Total $ Movement
1	233 3-qt Oblong bake dish	5,339	7.19	38,387.41
2	234 4-qt Oblong bake dish	3,055	9.44	28,839.20
3	516-N 16-oz liquid measure	6,938	3.41	23,658.58
4	8020-5 Termal srvr all white	859	26.99	23,184.41
5	532 32-oz liquid measure	4,664	4.94	23,040.16
6	8020-1 Thermal srvr blk/stnlss	819	26.99	22,104.81
7	508-N 8-oz liquid measure	6,837	2.69	18,391.53
8	10-oz Dp pie dish 4 pk	3,299	5.30	17,484.70
9	232 2-qt Oblong bake dish	2,754	6.11	16,826.94
0	808 6-piece set Elegance	530	30.59	16,212.70
1	463-D 6-oz custard cup 4 pk	3,960	3.86	15,285.60
2	222 2-qt sq cake dish	2,713	5.03	13,646.39
3	209 9" pie plate	3,880	3.05	11,830.00
4	2330 3-qt util dish w/basket	560	18.89	10,578.40
5	8014 1.5-liter cold bev srvr	1,968	5.12	10,076.16

RUBBERMAID

$ nk	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2965-AL Rctnglr lndry bskt, almond	4,375	6.02	26,337.50
2	2965-C Rctnglr lndry bskt, chclt	4,068	6.02	24,489.36
3	2894-C Rghnck rnd cn, 32 gal, chclt	992	22.49	22,310.08
4	2936-AL Singl turntable, almond	6,907	2.96	20,444.72
5	1181-AL Drain tray 15x20, almond	3,968	4.85	19,244.80
6	2937-AL Twin turntable, almond	3,796	5.03	19,093.88
7	2915-AL Drawer organizer 9x3, almond	17,678	1.07	18,915.46
8	6032-AL Dlx dish drain wire, almond	2,442	7.10	17,338.20
9	2845-C Sml rctnglr wst bskt, chclt	3,376	5.12	17,285.12
10	2846-C Lrg rctnglr wst bskt, chclt	2,678	6.29	16,844.62
11	2918-AL Drawer organizer 15x6 almd	8,491	1.88	15,963.08
12	1181-C drain tray 15x20 chocit	3,192	4.85	15,481.20
13	0450-W Bathtub mat 14x22 white	4,212	3.59	15,121.08
14	2916-AL Drawer organizer 9x6 almd	11,136	1.34	14,922.24
15	Sml rect wastebskt almd	2,716	5.12	13,905.92

COOKWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	64110 Ekco B/S lrg cookie sheet, 17x11	8,130	4.40	35,772.00
2	397-79 Foley 7-piece Silvatone cookwr set	832	35.99	29,943.68
3	28030 W/E Pref Slv 10" chef fry pan	2,203	13.49	29,718.47
4	28032 W/E Pref Slv 12" chef fry pan	1,650	16.19	26,713.50
5	64100 Ekco B/S med cookie sht 15x10	5,570	3.95	22,001.50
6	26028 W/E Pref Slv 8" chef fry pan	1,776	11.69	20,761.44
7	OR-15 Normdy oval roaster 18x12x7 lgr	1,716	10.79	18,515.64
8	51199 Nordic 12C formed bundt asst	2,052	8.81	18,078.12
9	7126 T-Fal Royale 10" fry pan, blk	1,305	12.59	16,429.95
10	26014 W/E Pref Slv square griddle	1,060	15.29	16,207.40
11	64330 Ekco b/s oblong util pan 13x9	3,696	3.95	14,599.20
12	64200 Ekco b/s 12-cup muffin pan	2,736	4.76	13,023.36
13	64260 Ekco b/s roast bake pan 14x10	2,232	5.39	12,030.48
14	46032 W/E Prem Slv 12" chef fry pan	620	18.89	11,711.80
15	64170 Ekco b/s fruit cake/mini loaf	6,315	1.79	11,303.85

CORNING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	F-370 French White 10-piece hostess	321	87.29	28,020.09
2	V-300 Visions 6-piece set, 1-1.5-2.5 qt	249	44.99	11,202.51
3	F-21 Corning roaster F/W 4.5 qt	374	28.79	10,767.46
4	V-20 Visions 1.5-qt dbl boiler w/cvr	357	28.79	10,278.03
5	F-14 French White 4-qt cov ovl cass	338	30.14	10,187.32
6	F-2 Corning 2.5-qt ovl cass/ld white	392	22.49	8,816.08
7	A-300-8 Corning starter set spice	129	53.54	6,906.66
8	F-1 Corning 2.5-qt rd cass/lid, white	291	22.49	6,544.59
9	F-4 Corning 2.5-qt ovl cass, white	291	19.34	5,627.94
10	V-1 Visions 1-qt cvrd saucepan	387	14.39	5,568.93
11	V-5 Visions 5-qt covered saucepot	229	23.39	5,356.31
12	A-10-8 Corning 10½" skillet spice	222	23.84	5,292.48
13	F-12 French White 1.5-qt covd ovl cssrl	256	20.24	5,181.44
14	A-5 Corning 5-qt saucepot C/F	174	29.69	5,166.06
15	A-3-8 Corning 3-qt saucepan spice	203	24.74	5,022.22

(Continued on page 55)

Producers Shun Large Price Hikes

By JERRY FALK
Executive Vice President,
Bacar Inc.

PMA PRODUCT MOVEMENT AUDIT

We expect housewares sales gains, which have been pretty steady the past 18 months, to continue in our five-state Western market at a 4%-5% pace in the first half. Strength should be evident in many categories, based on Christmas season sell-throughs.

Discounters in our primarily northern California and Nevada markets have fair optimism for 1985 growth, coming off a generally good Christmas: no one broke any records, but there's no real disappointment either.

The pace of discounter promotions in all housewares categories was far beyond customary levels this past Christmas season, indicating that chains were scared sales wouldn't materialize. The late-breaking season caused much anxiety that's tempered their enthusiasm for strong department growth in 1985.

But at least the ads were effective, prompting discounters to rebuy quickly—but not overbuy—in January. We had a record January, up 10% from a year ago, because both basics and trade-up merchandise sold through.

Our local economy, which has been stronger than the rest of the nation because it's computer industry driven, is losing a little steam now. Shakeouts in the computer field have caused layoffs in Silicon Valley.

Nevertheless, shoppers are still upscaling here, though not extravagantly. They're still extremely value conscious.

That's why more full-line discounters are positioning themselves as price competitive with catalogers, who until last fall outpriced them on dinnerware and some other categories. Wholesale clubs and home centers are becoming more prominent competitors here—and they're luring business from small independents—but large discounters like Gemco have service and selection over these other operators. Discounter formats should enable them to

(Continued on page 55)

ʼroducers

(Continued from page 51)

ʼp their share of the house-res market.

Ve've seen no large manufac-er price increases so far this ar. That's a direct result of ntinued heavy competition ong vendors, more moderate ion demands, reduced infla-n and stepped up direct im-rting efforts by retailers.

Indeed, we see manufactur-s continuing their aggressive bate posture, with only a ght dropoff, in their bid to aintain market share.

Compared with last year hen delivery problems were mmonplace, there's no ex-se now for discounters not to ive merchandise. Manufac-rers are putting more inven-ry in the pipeline since inter-t rates have come down, and ey're working more closely ith retailers in forecasting eeds six months ahead.

If we can limit our out-of-tocks to 7%, we're serving re-ailers well. We're achieving hat without overstocking.

Corning, Rubbermaid and Anchor Hocking have probably een the most aggressive in of-ering trade specials this win-er. On top of that, Corning lropped prices by as much as 0% on some of its offerings, in ts bid to thwart direct imports uch as 16-piece Brazilian ironstone sets that retailers are promoting in the $10 range.

One of the biggest plusses for Corning is the continued popularity of microwave ovens in our markets—particularly compact models that are driving the business now. It enabled them to reposition their small men- [illegible] wave Plus line.

Many shoppers recognize that traditional Corningware, and Visions—its see-through stovetop cookware that currently dominates the manufacturer's offerings—can also be used in microwave ovens. Multiple functions of storage, serving, oven and microwave use are helping to support sales of these products.

French White continues strong in our markets, thanks to its clean upbeat gourmet look. However, the speckled French Bisque pattern will probably fall by the wayside.

Overall, microwave cookware has become one of our most consistently strong categories. Shoppers continue to buy single serve and divided dishes, and more special function items such as popcorn poppers, browning grills and the Nordic Micro-Go-Round, as they gain sophistication is using their microwave ovens.

Vacuumware, which includes thermal carafes from Corning and ThermosWare, and steel bottles from Aladdin, is a hot category ever since manufacturers brought their design out of the Middle Ages. The new Coffee Butler and Thermique carafes are meeting a home tabletop need, and are being used in business offices too because they're clean looking, not frilly.

On the utilitarian side, consumers are willing to pay as much as $37 for quart size stainless steel bottle with handles; they're simply tired of glass breakage.

Closet continues hot, prompted by small living spaces in an era of higher building costs. Corr-Pak has added visual interest to the category, however, with its tulip and grid designs on storage chests.

We've also seen a strong pickup in cleaning and chemicals sales since last spring's introduction of LOLA Extend-A-Puff and Extend-A-Squeegee; these items hold our first and sixth place rankings in the category. Their handles extend to 6 ft.; a simple feature no one had before that has helped them penetrate the market quickly.

In cookware and bakeware, Ekco Baker's Secret holds six of the top 15 sales rankings, managing to fend off competition of costlier Silverstone-lined products. Consumer willingness to trade up is evident, however, in the continued sales strength of Wear-Ever Preferred fry pans, which cop five of the top 15 sales slots.

A heavier gauge aluminum Wear-Ever Premium fry pan slipped into the 14th slot. The original nonstick T-Fal, which had been in the doldrums awhile, is in ninth place with its new Royale design fry pan.

The fastest growing plastics merchandise appear to be Aurora pastry and cutting boards, which are displacing wood as easier-to-clean and more colorful products.

Drinkware movement tells us that crystal and very light solid tints are favored, while decorative patterns lag. Stemware is growing in our markets because we're a large wine selling area.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	VACUUMWARE			
1	A944DH Aladdin qt stanley btl w/hndl	1,427	41.39	59,063.53
2	SB950H Aladdin qt rugged American btl	1,226	30.59	37,503.34
3	430 Thermos Ware Coffee Butler, white	1,311	24.75	32,447.25
4	570 Thermos ware Coffee Butler, brown	935	24.75	23,141.25
5	2421/3P6 Thermos flip-pour qt	1,990	10.61	21,113.90
6	250 Thermos Super quart 36 oz	2,366	8.90	21,057.40
7	2221/3P6 Thermos flip-pour pint	2,157	8.09	17,450.13
8	A945DH Aladdin 2-qt stanley btl w/bail	283	53.99	15,279.17
9	A943C Aladdin pt stanley bottle	419	35.99	15,079.81
10	2490 Thermos s/steel qt w/side hdl	439	33.29	14,614.31
11	2264-SF Thermos all st/st bottle pint	304	40.49	12,308.96
12	4215 Thermos unbreakables pint s/h	2,082	5.66	11,784.12
13	2202 Thermos pint permacase	1,678	7.01	11,762.78
14	WM 1040P Aladdin Hy-Lo w/mouth plastic pint	1,147	9.89	11,343.83
15	4415 Thermos unbreakables qt s/h	1,422	7.55	10,736.10
	CLOSET			
1	133 Rex tubular plstc hngr, almond	82,368	0.17	14,002.56
2	133 Rex tubular plstc hngr, white	77,455	0.17	13,167.35
3	133 Rex tubular plstc hngr, brown	73,164	0.17	12,437.88
4	133 Rex Tubular plstc hngr, rust	63,492	0.17	10,793.64
5	11006 Sterlite shoe box, almnd lid	5,147	1.79	9,213.13
6	133 Rex tubular plstc hngr, blue	36,888	0.17	6,270.96
7	44006 Sterlite sweater box almnd lid	1,470	4.04	5,938.80
8	4000 McMillan 1-piece wr shoe rck	1,560	3.58	5,584.80
9	S-4 Bev wood dress hngr set, 4	3,681	1.34	4,932.54
10	5600/SA Tamor PkS chld tubulars, asstd	3,648	1.25	4,560.00
11	T-159-2 Bev wood trouser hanger set 2	3,213	1.34	4,305.42
12	74006 Sterlite jumbo box almd lid	714	5.75	4,105.50
13	W2110 Corr-Pack strge chest wood	2,448	1.61	3,941.28
14	S-159-2 Bev wood skirt hanger set 2	2,915	1.34	3,906.10
15	C-30-2 Bev wood suit hanger set 2	2,232	1.61	3,593.52
	CLEANING/CHEMICALS			
1	137-72 Lola Exten-A-Puff 6-ft pole	1,634	7.19	11,748.46
2	045 Quickie automatic sponge mop	1,488	7.64	11,368.32
3	805-6 Quickie 100% corn brm w/hook	1,392	5.66	7,878.72
4	E/Z-1 Nat/Ruskin 96PC haw/hid sponge	101	76.90	7,766.90
5	900 Nat c/broom (20%) economy-4 sew	1,704	4.49	7,650.96
6	137-73 Lola Exten-A-Squeegee 6-ft pole	972	7.19	6,988.68
7	7274 O-Cel-O sponge hand S24pk/BP40	5,927	1.07	6,341.89
8	705-6 Quickie poly fiber broom	1,122	5.21	5,845.62
9	508N Willert cedar m-balls 7-oz bag	4,643	1.25	5,803.75
10	N-1212 Ideal squeegee 24" wood handle	2,544	2.24	5,698.56

Source: Bacar, distributor, San Jose, Calif., for the Nov. 1, 1984, to Jan. 31, 1985 period, covering 658 stores, including 480 mass merchandisers. Average retail prices reflect typical price points for mass merchandisers.

Kitchen WARES

In its Hagerstown, Md., prototype, Nichols hangs red and yellow pans on baker's rack as focal point attracting shoppers to its moderately traded-up assortment. The department's visual focal point is the cookware-bakeware-gadgets atrium.

Closet

(Continued from page 44)

Customers especially don't want to see discord when bleary-eyed in the morning, so they're buying storage items with design," he said.

To make room for its revamped presentation, Caldor expanded by 4 ft., to a total of 20 ft., its displays of red, white, yellow and blue grid and tulip-patterned cardboard storage chests, vinyl suit and dress bags, organizers and shoe bags from $3.99 to $15.99.

Also within that run are deemphasized midaisle displays of quilted white, or beige with brown piping, blanket and dress bags and woodgrain cardboard shoe chests, at $2.99 to $12.49. The gondola stands opposite a 20-ft. run of wood and plastic hangers and closet accessories.

Caldor, which garners nearly 40% of its annual closet volume during the May, August and September promotional periods, further segments the higher-ticket fashion closet items from utilitarian merchandise in its ads.

At those times, the chain typically advertises nearly each week only the tulip or grid pattern storage chests at 25%-35% below everyday prices. Yet customers will find nearly every storage item marked down on the shelves, said Fateman.

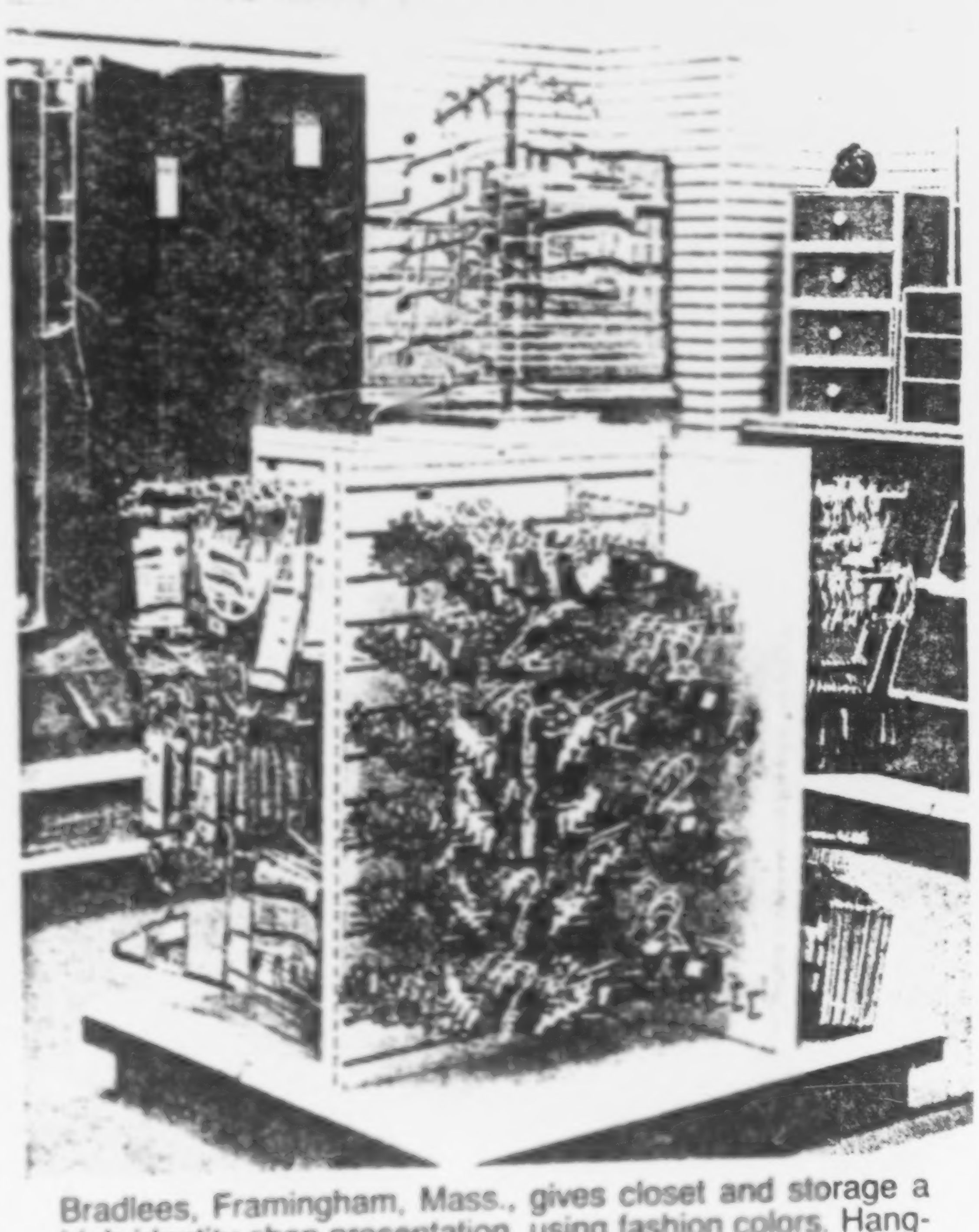
On a year-round basis, when advertising the closet category just once every five weeks, Caldor rotates merchandise in its ads among storage bags, hangers, chemicals and moth goods, he said, restricting ads of woodgrain cardboard chests to dollar day promotions.

This strategy has made closet one of housewares' best sales per square foot producers, contended Fateman, despite low (60-in.) gondolas which hold small amounts of the large scale merchandise and require frequent replenishment. The good part, he [illegible], is that fashion items p[illegible]ve the run and can be s[illegible]arby aisles.

K mart Corp.'s Biz Rose 14% in Feb.

TROY, Mich. — K mart Corp.'s consolidated sales in February increased 14% to $1,307,317,000, vs. $1,146,755,000 in February 1984.

Same-store volume in the K mart discount store arm showed only a 3.7% increase. There were 2,173 in operation in February 1985, up 16 from 2,157 last year.



Bradlees, Framingham, Mass., gives closet and storage a high-identity shop presentation, using fashion colors. Hanging wall displays give garment bags, organizers and hangers visibility.

(DSN photo)

Microwave

(Continued from page 41)

with the broader varieties at appliance stores.

Guhl will emphasize promoting smaller, less expensive units—particularly Litton's 0.5-cubic-foot subcompact Little Litton as an NIC which can be mounted under cabinets.

The chain sold 250 Little Littons last November at $189, down from an everyday price point topping $200, she said. Guhl predicts the Little Litton, a compact Litton and a Tappan model will outsell the other three full-sized units featured in the upcoming new catalog. The catalog's highest-price model is a 1.5-cubic -foot Litton at $379 daily.

Mirroring Edison's strategy, Ames is also expanding its assortment, but not at the high end. Buyer Jim Aglio said the chain doubled the number of units it is now carrying from two to four, and is staying in a low-to-medium price range.

Heck's is staying with last year's four-sku assortment priced below $300 and expects increased first-quarter promotions to help propel 10% sales gains in 1985.

The chain already ran its first ad in early February.

:s a country kitchen look with
ises potholders, mittens and
(DSN photo)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	GLASSWARE			
1	Anchor 3600/672A Entrtnr set 40	672	33.29	22,370.88
2	Libbey 82486K 24-pc Bolero, gold	535	24.29	12,995.15
3	Libbey 82486D 24-pc Bolero, blue	638	19.79	12,626.02
4	Libbey 82486T 24-pc Bolero, tawny	600	19.79	11,874.00
5	Libbey 82437D BL Count Squire 24 pc	344	31.49	10,832.56
6	Anchor 1300/44 Moments 24 pc	356	26.99	9,608.44
7	Libbey 81837T Capri set tawny 18 pc	615	15.29	9,403.35
8	Anchor 3600/817 Terrace bev 24 pc	474	19.52	9,252.48
9	Libbey 81837D Capri set blue 18 pc	572	15.29	8,745.88
10	Libbey 82430K Go Cntry Gdn 24 pc	345	25.19	8,690.55
11	Anchor BB 3100/324 Plaza Bl 18 pc	543	15.74	8,546.82
12	Libbey 82443 Impromptu Cry 24 pc	366	20.59	7,572.54
13	Libbey 81837K Capri set gold 18 pc	472	15.29	7,216.88
14	Libbey 82482 Chivalry 24 pc	237	26.99	6,396.63
15	Anchor 100/590 Hawthorne 3-pc jar	340	17.09	5,810.60
	CORNING			
1	V300 Visions 6-pc s pan set	307	46.79	14,364.53
2	V5 Visions 5-qt covd saucepan	442	24.29	10,736.18
3	F260 French white 3-pc set	291	30.14	8,770.74
4	F330 Fr wh 4-pc set	175	49.49	8,660.75
5	P104-8 spice teapot	453	18.89	8,557.17
6	F2 Fr Wh 2.5-qt ov covd cass	360	20.96	7,545.60
7	V20 Visions cov dbl boiler	238	26.99	6,423.62
8	V2½ Visions 2½-qt spa	290	21.59	6,261.10
9	V3½ ST Visions 3½-qt cov steam	250	23.66	5,915.00
10	P240 Grab-a-meal	448	11.69	5,237.12
11	V1 Visions 1-qt cov saucepan	347	14.84	5,149.48
12	P104 teapot	286	17.09	4,887.74
13	A300 Kitchen starter set	126	37.79	4,761.54
14	P150 Grab-it	426	9.71	4,136.46
15	P168-60 teapot 8-cup blueby	157	23.12	3,629.84

(Continued on page 62)

Trading Up Gets More Selective

By HAROLD RUBIN
President,
HalMar Distributors

Discounters who went overboard trading up last year might spend 1985 retrenching from the high-end postures they assumed.

PRODUCT MOVEMENT AUDIT

Considering the economy, this year few discounters will stretch to trade up their assortments. Instead, they'll be more selective than ever in stepping up to costlier, better quality merchandise only where it makes sense.

This is the year of back to basics, and wide assortments in ample quantity. That's because discounters have to service a broader range of customers than the upscale shopper many chains sought to capture last year.

Discounters will reassert their positions with low and middle income customers, because shoppers with extra money are buying cars, video decks and televisions instead of high-ticket housewares. The drop in interest rates to about 12% allows them to make the big purchases they couldn't afford last year.

The result: in 1985, they'll buy, say, a $49 cookware set, thinking it's good enough, rather than a $79 set.

Retail sales activity this past December and January triggered a lot of the back-to-basics thrust we expect this year. The last two weeks in December were great across-the-board. The surprise was that when we went to refill basics stocks in January, entire categories were wiped out.

We never before experienced such a decimation of basic products. But we expect the current consumer attitude to continue throughout 1985.

In January, almost every ma-

(Continued on page 62)

Trading Up

(Continued from page 60)

jor housewares vendor promoted key items—particularly in cookware, glassware and accessories. The specials were on better quality, more popular items this time than ever; promos were usually spread among a, b and c offerings. It reflects the fact that manufacturers were panic stricken about price competition, so they made their best possible showing.

It enabled discounters to take strong promotional stances on basics this winter, which are continuing as chains manage to work off still high inventories from the Christmas season.

Adding It Up

Most discounters are keeping their housewares department sizes and category footage allocations stable. They're using promotions more and more to produce sales gains. In the Northeast, we see chains buying items for promos they don't normally carry simply to increase sales.

As a result, the competition in ads is getting very stiff. Buyers will have to become more imaginative to create distinctive promotions for their chains.

The rapid contraction among housewares manufacturers is, perhaps unexpectedly, contributing to stable prices this year. With fewer suppliers, each is more open to scrutiny, making manufacturers more reluctant to take significant price increases.

In addition, the contraction is slowing down new product development. We expect manufacturers to concentrate instead on dressing up their middle offerings with new colors or designs that distinguish their products without adding to the cost.

Manufacturers are deeper in inventory positions this year—the result of lower interest rates enabling them to buy in more raw materials and make them willing to produce more. As a result, ordering lead times could drop about 20% in 1985, easing the forecast burdens for discounters.

Suppliers realized that their defensive economic game (of keeping lean inventories) made their market share vulnerable—particularly since discounters are stepping up direct importing efforts, and a few major housewares manufacturers are assuming aggressive promotional leadership stances.

A Closer Look

Discounters might soon be buying as much as 10% of their housewares assortments overseas, up from 4% last year.

The economic rebound—marked by more housing starts, lower inflation and lower interest rates—should help drive discounter housewares sales to 5% gains this year. Only 2% of that will be real gains, 3% from inflation, and anything beyond that from increased promotions.

In our markets, low-end cookware sets retailing at $19.99 to $49.99, microwave accessories sets and 18- and 24-piece glassware sets rank among our leading growth categories—continuing a trend we attribute to new household formations and a resurgence in home entertainment.

Discounters are leaning toward 18- and 24-piece glassware sets because they can advertise them effectively at price points under $15. In addition,

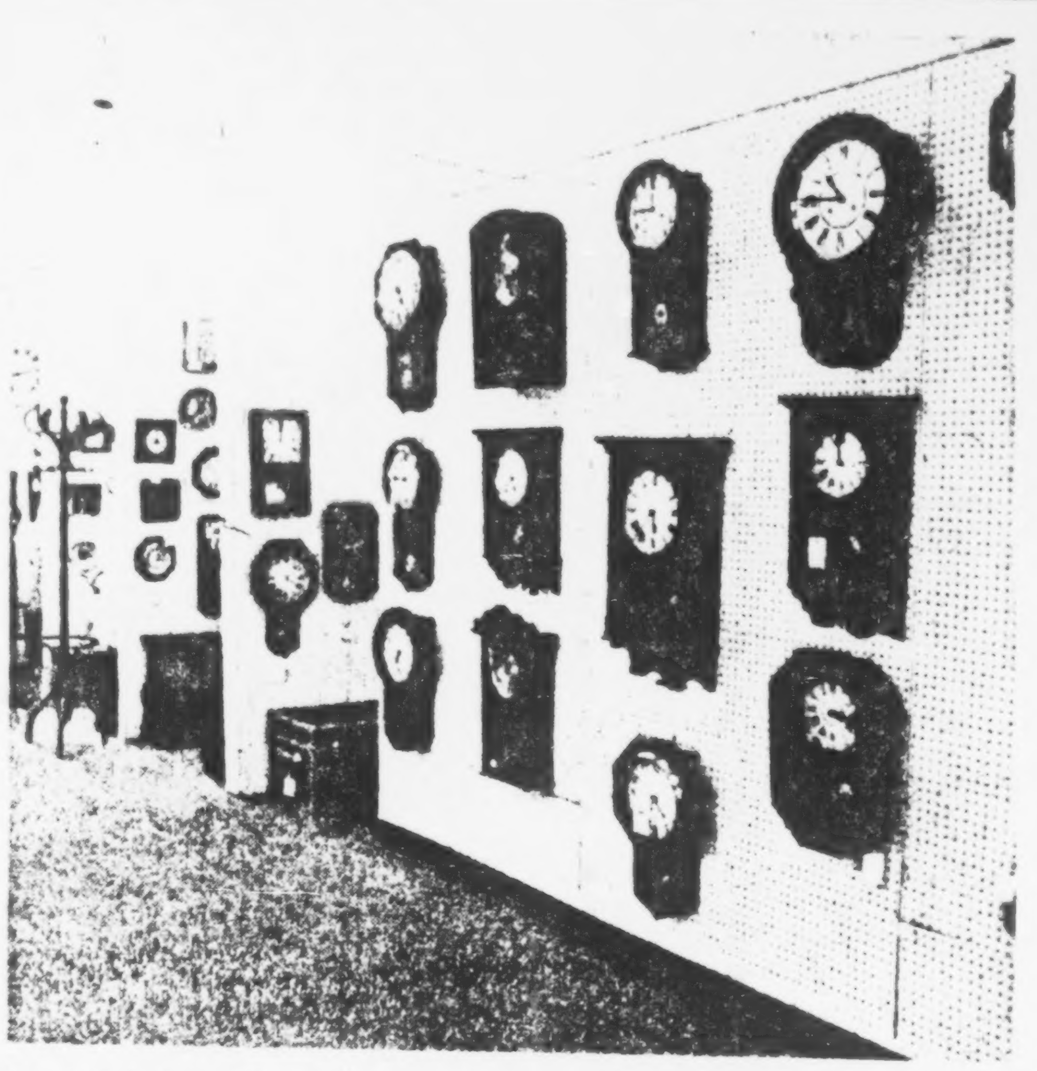
(Continued on page 64)

COOKWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Ekco 64110 bakers cookie sheet	4,972	4.40	21,876.80
2	Ekco 64100 bakers cookie sheet	3,395	3.95	13,410.25
3	Ekco 54110 cookie sheet	4,477	2.69	12,043.13
4	Ekco 64260 bakers roast/bake	2,098	5.39	11,308.22
5	Ekco 64080 bakers cookie sheet	3,473	3.23	11,217.79
6	Normandy 312G saucepot 12-qt bone	702	14.39	10,101.78
7	Foley 38279 saute pan 12"	902	10.79	9,732.58
8	Ekco 64470 bakers loaf pan	2,609	3.59	9,366.31
9	Ekco 64200 bakers 12-cup muffin	1,948	4.76	9,272.48
10	Ekco 64330 bakers db cake pan	2,282	3.95	9,013.90
11	Nordic 61664 grill pan s/s	496	17.99	8,923.04
12	Hillside HM50 sp layer cake-loose bot	1,007	7.55	7,602.85
13	Ekco 54100 cookie sheet	3,019	2.51	7,577.69
14	Foley 38079 saute pan 10"	930	8.09	7,523.70
15	Wear-Ever 26032 chef fry pan 12"	598	11.69	6,990.62

TABLETOP

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Corelle 16-23 16-pc set MB	1,493	32.84	49,030.12
2	Corelle 16-1 16-pc set green	1,338	32.84	43,939.92
3	Corelle 16-29 16-pc set R Bou	1,286	32.84	42,232.24
4	Corelle 16-4 16-pc set gold	1,228	32.84	40,327.52
5	Corelle 16-24 16-pc set burgundy	1,118	32.84	36,715.12
6	Corelle 16-5 16-pc set blue	1,032	32.84	33,890.88
7	Xpres 2020-7 20-pc wildflower	346	60.26	20,849.96
8	Xpres 2020-12 20-pc Ind Summ	344	60.29	20,739.76
9	Xpres 2020-13 20-pc Meadow	344	60.29	20,739.76
10	Xpres 2020-22 20-pc Win Rose	343	60.29	20,679.47
11	Corelle 16N 16-pc white	552	32.84	18,127.68
12	Corelle 2 43-95 43-pc colonial	136	98.99	13,462.64
13	Corelle 2 2025 20-pc solitr	303	43.19	13,086.57
14	Corelle 2 20-26 20-pc F Spray	288	43.19	12,438.72
15	Corelle 2 20-95 20-pc colonial	280	43.19	12,093.20



Key Catalog, Macon, Ga., displays an entire wall of antique-look wall clocks like cabinet, octagon and railroad clocks, with a wide spread of price points that range from $60 to over $150.

kitchen accessories

Expansive gadget runs, as at Bigg's, Cincinnati, are becoming increasingly common at full-line discounters. Many are trading up to assortments ranging in price up to $5. *(DSN photo)*

PLASTICS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Schulte 418 4 shelf rack 18x33	448	14.84	6,648.32
2	Schulte 324 3 shelf rack 24x22	460	14.39	6,619.40
3	Schulte 1236W shelf 12x36	486	11.69	5,681.34
4	Schulte 318 3 shelf rack 18x22	474	11.69	5,541.06
5	Schulte 312 3 shelf rack 12x22	540	9.44	5,097.60
6	Sterlite 7400 jumbo storage box	798	6.11	4,875.78
7	Schulte 1248W shelf 12x48	282	14.39	4,057.98
8	Schulte 12SBW shelf brkt 11"	1,877	2.15	4,035.55
9	Eagle E2757 2-qt juice dectr clr	1,948	2.06	4,012.88
10	Schulte 218 2 shelf rack 18x11	456	8.09	3,689.04
11	Schulte 1224W shelf 12x24	453	8.09	3,664.77
12	Tucker T334 trash can 22 gal	372	8.99	3,344.28
13	Vanderbilt 751 nylon baster	2,437	1.25	3,046.25
14	Sterlite 1100 sm strg box	1,611	1.79	2,883.69
15	Sterlite 4400 lg strg box	638	4.49	2,864.62

CLEANING/CHEMICALS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Lysol 2121 18-oz spray	3,264	4.85	15,830.40
2	Fantastik 271 32-oz spray	4,571	2.60	11,884.60
3	Woolite 6160 32-oz wash	1,881	5.75	10,815.75
4	Scotch Guard FC 4101 16 oz	1,488	7.19	10,698.72
5	215 Easy-on starch 22 oz	5,352	1.97	10,543.44
6	0338 Pledge furn pol lem 7 oz	4,680	1.97	9,219.60
7	50-D Con mouse pruf 2 oz	5,760	1.43	8,236.80
8	159 Vanish autom 12 oz	3,756	2.15	8,075.40
9	Dawn liq detgt 32 oz	2,424	3.32	8,047.68
10	201 D Con ready mix 16 oz	2,371	3.32	7,871.72
11	Murphy oil soap liq 32 oz	2,118	3.59	7,603.62
12	CPSSOO all-purp sp clnr gal	1,776	4.13	7,334.88
13	344 J Wax lem aer 14 oz	2,808	2.51	7,048.08
14	141 J Wax brite 16 oz	3,192	2.15	6,862.80
15	146 Mr Muscle 19.2 oz	2,316	2.96	6,855.36

RUBBERMAID

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2965 laundry basket almd	2,759	5.93	16,360.87
2	2965 laundry basket choc	2,756	5.93	16,343.08
3	2864 fliptop basket choc	1,419	8.54	12,118.26
4	0450 bath mat lt bl	3,110	3.86	12,004.60
5	6032 drainer almd	1,709	6.74	11,518.66
6	2850 basket lift lid choc	1,308	8.54	11,170.32
7	2951 dish pan almond	3,292	3.32	10,929.44
8	0450 bath mat white	2,820	3.86	10,885.20
9	2864 fliptop basket almd	1,243	8.54	10,615.22
10	2850 basket lift lid almd	1,164	8.54	9,940.56
11	6032 dish drainer choc	1,422	6.74	9,584.28
12	3871 serv sav 5-cup sq almd	4,192	2.06	8,635.52
13	7041 bath mat white	1,472	5.84	8,596.48
14	1181 drain tray almd	1,899	4.49	8,526.51
15	3860 Serv Sav 4-cup rect almd	4,465	1.88	8,394.20

PYREX

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2344 Org obl bake dish	1,639	8.90	14,587.10
2	516 Org meas cup	3,758	3.14	11,800.12
3	233 Util dish	1,632	6.74	10,999.68
4	2106 Org 10" pie plate	3,234	3.23	10,445.82
5	2330 3-qt bake dish and basket	577	17.81	10,276.37
6	508 Org measure cup	3,726	2.60	9,687.60
7	463D custard cup	2,370	3.77	8,934.90
8	232 util dish	1,520	5.84	8,876.80
9	2296 pie plate	2,628	3.05	8,015.40
10	213 loaf dish	2,049	3.50	7,171.50
11	222 Org Cake dish sq	1,404	4.76	6,683.04
12	6840 2-qt casserole and basket	364	17.81	6,482.84
13	684M 2-qt cov casserole	912	6.83	6,228.96
14	233M 3-qt rect baking dish	808	7.46	6,027.68
15	532 Org measure cup	1,233	4.67	5,758.11

BATH

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Magnolia M100 molded toilet seat white	694	9.44	6,551.36
2	Magnolia M3000A padded seat white	316	17.54	5,542.64
3	Selfix N443 portable shower spray	523	10.34	5,407.82
4	Ekco 38890 toilet tissue holder	1,478	2.51	3,709.78
5	Ekco 38160 24 twin towel bar	768	4.76	3,655.68
6	Magnolia M3000A padded seat bl	208	17.54	3,648.32
7	Selfix C441 shampoo spray	1,612	2.24	3,610.88
8	Magnolia M3000A padded seat parchmt	202	17.54	3,543.08
9	Ekco 38110 18" towel bar	1,301	2.69	3,499.69
10	Magnolia M3000A padded seat br	191	17.54	3,350.14

(Continued on page 64)

Catering to the inexpensive storage needs of newly formed households, Caldor, Norwalk, Conn., recently promoted yellow, red, brown and beige milk crates at $3.49 and $6.49.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	MICROWAVE			
1	Anchor PM 40/126 corn popper	2,058	14.39	29,614.62
2	Anchor PM 469/T1 bacon rack	3,692	7.91	29,203.72
3	Corning M-W-2 grill	852	24.74	21,078.48
4	Anchor PM 488/T1 divided dish w/cover	2,635	7.91	20,842.85
5	Anchor PM 481/T1 versatility	2,360	7.91	18,667.60
6	Anchor PA 600-112 turntable	444	41.39	18,377.16
7	Anchor PM 444/T1 cookie sheet	2,000	7.91	15,820.00
8	Corning MWA 10 cov brwning skillet	612	25.19	15,416.28
9	Anchor PM 480/T1 4-qt slm cook	824	14.39	11,857.36
10	Anchor PM 447/T1 muffin tin	1,342	7.91	10,615.22
	GADGETS			
1	Intermatic D111B plug-in timer	1,487	8.99	13,368.13
2	407-21 hand Swing Away	2,351	5.03	11,825.53
3	107 Swing Way Jr opener	3,643	2.60	9,471.80
4	Rhodes 29035-UC timer almd	1,229	7.64	9,389.56
5	Helmac 39 RC lint refill	4,141	2.06	8,530.46
6	Helmac HB 300 lint brush	2,483	3.14	7,796.62
7	Range Kleen 102 range reflector 8"	2,439	3.05	7,438.95
8	Helmac 39C lint pic-up	3,800	1.88	7,144.00
9	Intermatic D611B cordless timer	563	12.59	7,088.17
10	Range Kleen 101 range reflector 6"	2,593	2.60	6,741.80

Source: HalMar Distributors, Holyoke, Mass., for the Jan. 1 to Feb. 4, 1985 period, covering more than 500 stores, including 400 full-line discount stores from New England to the Carolinas. Average retail prices reflect typical price points for discount chains.

Trading Up

(Continued from page 62)

four-color litho packaging makes the sets compatible with the improved tabletop presentations being created at many chains.

Microwave accessories sales are growing because the household penetration of microwave ovens in our New England markets is rising rapidly from last year's meager 4% level. Accessories sales may be peaking in other parts of the country, but they're still very strong in the Northeast.

However, the proliferation of accessories mandates that discounters limit themselves to three lines in a good and better approach to avoid confusing customers.

Food storage will also continue to surge this year, thanks to improved packaging, stepped up advertising and new products offered by manufacturers such as Rubbermaid, Eagle and Republic.

The explosive growth in food storage is about to rub off in small plastics, which will undoubtedly benefit from updated packaging concepts in primary colors. Discounters who've expanded their food storage displays seem inclined to dress up small plastic adjacencies, and accept the new look in items like tumblers, butter dishes and cutlery trays.

Price Drop

Corning recently dropped prices on many of its products, and has become highly promotional on Corelle in its fight to keep market share against imports like 16-pc. Brazilian ironstone sets, which many chains are advertising at less than $10.

We were glad to see Corning support its Visions see-through stovetop cookware by advertising it on the Grammy Awards telecast. Visions currently dominates that manufacturer's current offerings, and continues to gain strength as the line is broadened.

Ekco's Baker's Secret still outstrips the rest of the bakeware market, with cookie sheets and tea biscuit pans among the best sellers. Ekco's higher priced Classics line, with fluted designs and scalloped forms, didn't catch on at discounters, though.

COOKWARE

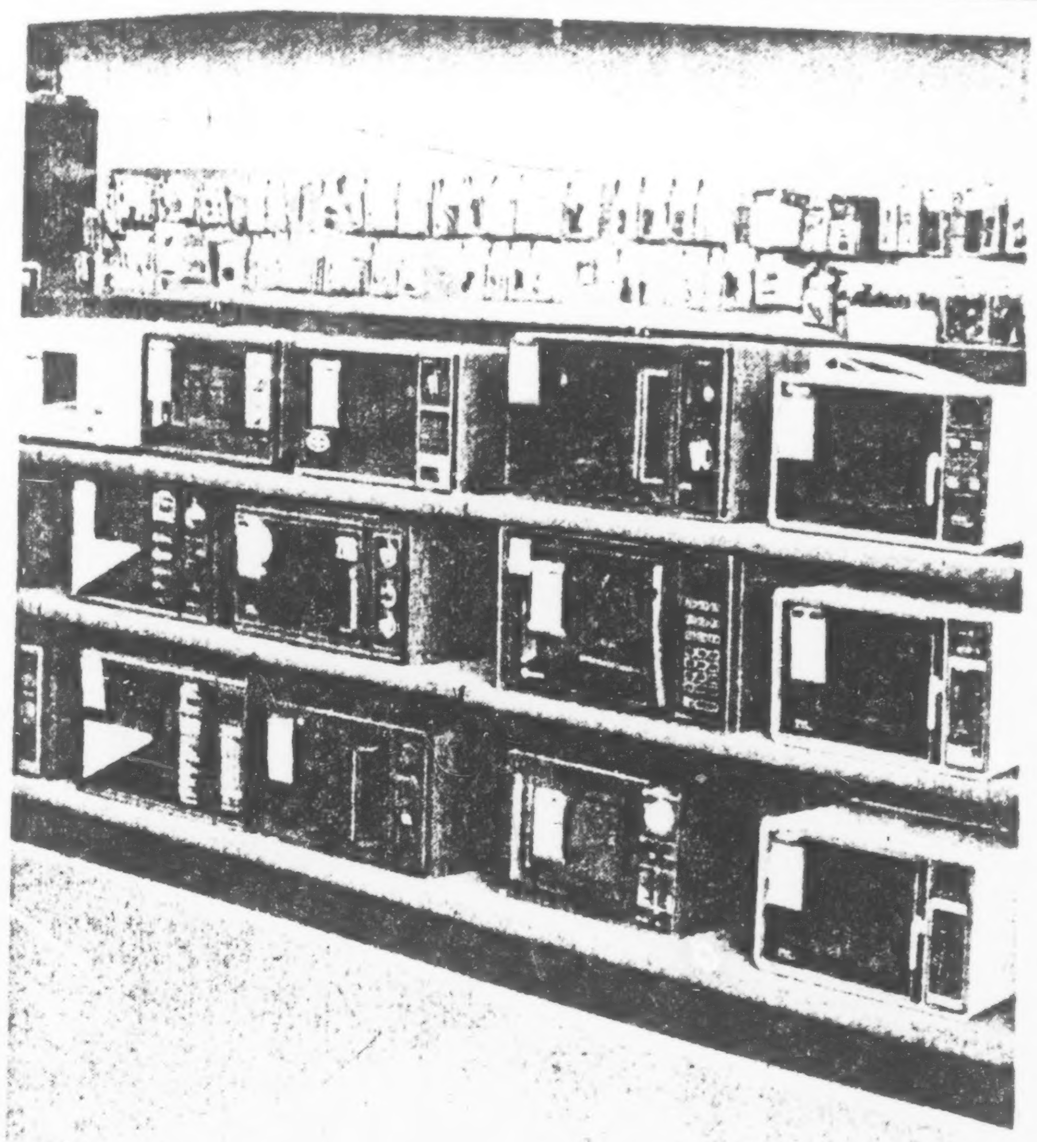
$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Mirro 1487-34 7-pc ckware	4,059	21.53	87,390.27
2	Mirro M-1450-34 10" frypan	4,290	4.90	21,021.00
3	Foley 397-79 7-pc cook set	729	27.30	19,901.70
4	Mirro M-1452-34 12" frypan	2,208	7.43	16,405.44
5	Regal W750/750HB cook set 7 pc	541	27.92	15,104.72
6	Wear-Ever 26032 saute frypan 12"	1,307	10.30	13,462.10
7	Mirro M-1458-34 8" frypan	3,900	3.42	13,338.00
8	Wear-Ever 26030 saute frypan 10"	1,531	8.40	12,860.40
9	Foley 297-93 7-pc cookware set	334	33.46	11,175.64
10	Wear-Ever 56027 7-pc set	278	39.06	10,858.68
11	Wear-Ever 26028 saute frypan 8"	1,429	6.21	8,874.09
12	Regal W3270 10" gourmet pan	1,630	5.23	8,524.90
13	Mirro M0932-36 tkettl cho	1,523	5.11	7,782.53
14	Kenc 2-28100 7-pc cock set	200	39.79	7,958.00
15	Mirro C7966 cov pot 16 qt	621	12.46	7,737.66

GLASSWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Durand 8050130 24-pc Lancer	2,361	14.91	35,202.51
2	Anchor 3600/810 24-pc	3,351	10.29	34,481.79
3	Anchor 1500/7 Crwn Punch 18	2,188	14.64	32,032.32
4	Anchor 3600/627A Entern 40	801	22.54	18,054.54
5	Anchor 300/271B Arlington 26	1,024	15.89	16,271.36
6	Anchor 300/271A Arlington 18	1,232	11.94	14,710.08
7	Durand 8009094 18-pc Lancer Set	792	13.65	10,810.80
8	Durand 3053146 Tivoli 24-pc	1,104	9.38	10,355.52
9	Anchor 3600/722 7-pc Clr Set	976	6.09	5,943.84
10	Durand 3053188 Harmony Set 18	489	9.52	4,655.28
11	Libbey 82443 Clr Impromp 24	362	10.60	3,837.20
12	Libbey 82443M B1 Impromp 24	272	10.60	2,883.20
13	Send 4000/18 Vista Set 18 pc	341	6.16	2,100.56
14	Durand 8054116 Wheat Set 20 pc	900	19.08	1,717.20
15	Send N4200/18 Sherwood Set 18 pc	274	6.16	1,687.84

MICROWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Anchor PM469/T1 bacon rack	15,941	5.40	86,081.40
2	Anchor PM86/T1 divdd plate	14,302	5.40	77,230.80
3	Anchor PM481/T1 utility pan	9,008	5.40	48,643.20
4	Anchor PM400/126 popcorn ppr	4,752	10.10	47,995.20
5	Anchor PM477/T1 muffin pan	8,682	5.40	46,882.80
6	Anchor PA 600/112 turntable	1,562	29.21	45,626.02
7	Anchor PM444/T1 bake sheet	7,375	5.40	39,825
8	Anchor PM480/T1 4-qt cooker	3,756	10.09	37,898.04
9	Anchor PM446/T1 rd bacon rk	6,815	5.40	36,801.00
10	Anchor PM400/131 main dish	5,972	4.70	28,068.40
11	Anchor PM479/T1 roast rack	4,475	5.40	24,165.00
12	Anchor PM400/145 crispr/grd	1,263	19.09	24,110.67
13	Anchor PM400/129 sidedishes	4,386	4.70	20,614.20
14	Anchor PM490/T1 loaf pan	3,797	5.40	20,503.80
15	Anchor PM459/T1 baking ring	3,633	5.40	19,618.20



Federated Group, Burbank, Calif., caters to a strong West Coast market for microwave ovens with a broad mix, including under-1-cubic-foot models. *(DSN photo)*

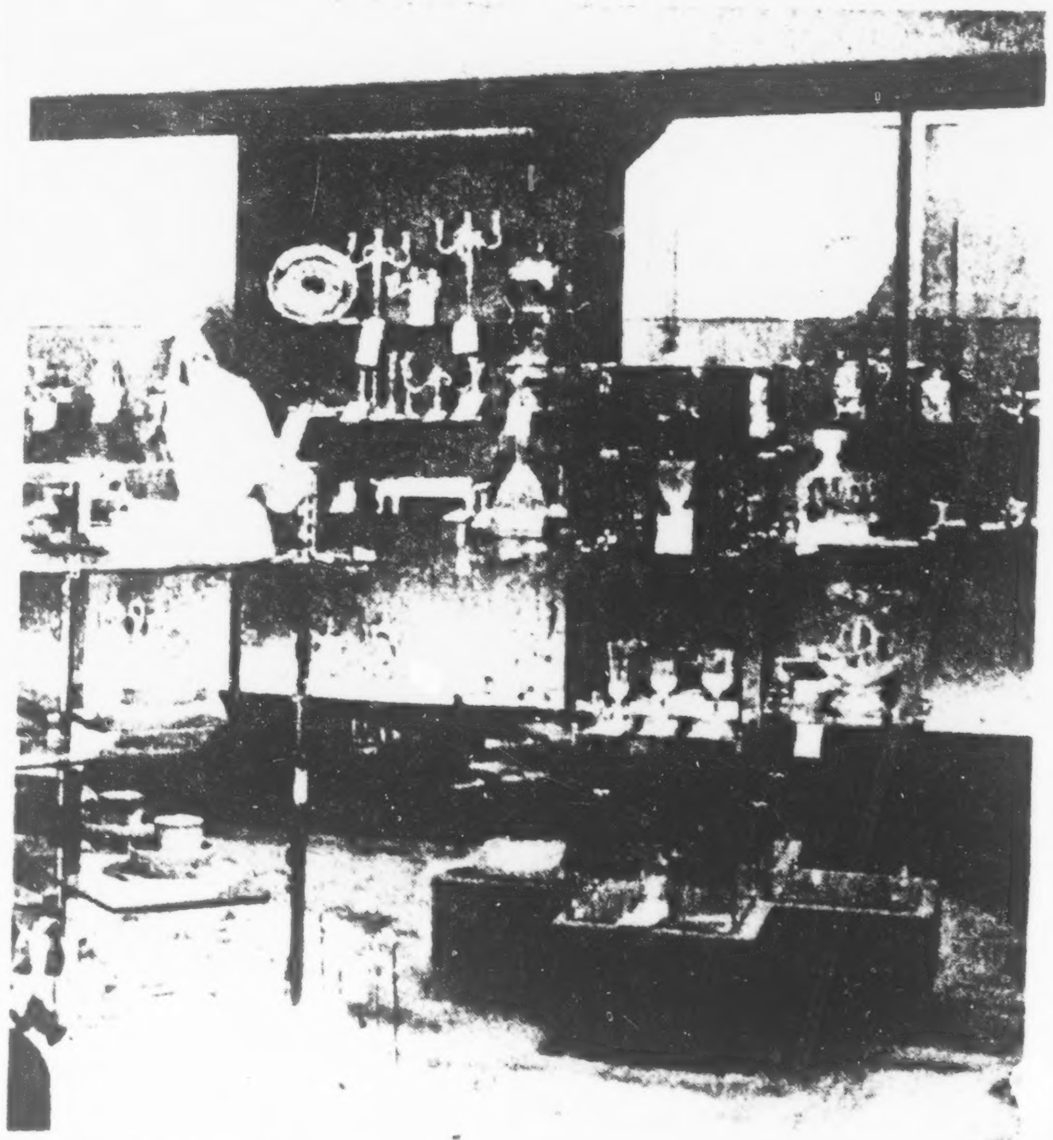
TABLE TOP

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Corelle 16-23 16-piece set, mb	3,963	23.21	91,981.23
2	Corelle 16-4 set, gold	3,591	23.21	83,347.11
3	Corelle 16-1 set, grn	3,451	23.21	80,097.71
4	Corelle 16-24 16-piece set, burg	2,288	23.21	53,104.48
5	Corelle, 16-N set, white	1,636	23.21	37,971.56
6	Corelle 16-5 set, blue	1,511	23.21	35,070.31
7	Corelle 16-29 16-piece set, bouq	1,478	23.21	34,304.38
8	Corelle 35-4 35-piece set, gold	518	55.99	29,002.82
9	Corelle 35-23 35-piece set, lb	491	55.99	27,491.09
10	Corelle 20-95 35-piece set, green	453	55.99	25,363.47
11	Corelle 108-4 Med plate gold	1,159	9.19	10,651.21
12	Corning 106-4 Sm Plate Gd	1,203	8.61	10,357.83
13	Corning 106-1 Sm Plate Gr	1,197	8.61	10,306.17
14	Corelle 108-1 Med Plate Gr	1,058	9.19	9,723.02
15	Corning 410-4 Sm Bowl Gld 10	1,120	0.61	9,643.20

BATH SHOP

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Mafr 66TT toilet set wht	2,668	7.77	20,730.36
2	Mafr 130 toilet seat wht	540	12.59	6,798.60
3	Naut N1450BC classic abnt	90	73.65	6,628.50
4	Naut N8773 essex oak cbnt	158	38.23	6,040.34
5	Selfix 2208-94 tissue holder	4,653	1.25	5,816.25
6	Selfix 443-94 portable showr	694	8.27	5,739.38
7	Mafr 44D toilet seat wht	619	9.24	5,719.56
8	Naut N323LW ventura cabnt	110	42.05	4,625.50
9	Mafr 13D toilet seat blue	365	12.59	4,595.35
10	Magn M100 toilet seat wht	588	7.71	4,533.48
11	Ekco 38110 18" towel bar	2,183	2.07	4,518.81
12	Ekco 38170 24" towel bar	1,787	2.42	4,334.54
13	Coun 410N-90 wckr scale	272	14.65	3,984.80
14	Kelg 210C bowl brush plas	4,164	0.94	3,914.16
15	Mafr 13D toilet seat gold	306	12.59	3,852.54

(Continued on page 73)



Best's fashion focus on silverware and crystal in Culver City, Calif., involves the use of such new fixtures as X-shaped glass showcases (r.), along with traditional displays. *(DSN photo)*

CORNING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	V20 1.5 qt dbl boiler	1,144	20.88	23,886.72
2	V2.5 covered pan, 2.5 qt	1,225	16.74	20,506.50
3	V1 covered saucepan 1 qt	1,702	11.48	19,538.96
4	A500-8 Chef Master spc	301	58.14	17,500.14
5	A338 Trio set spice	793	20.66	16,383.38
6	A33 Trio set crnflwr	881	17.81	15,690.61
7	A500 Chef Master crnflwr	262	54.00	14,148.00
8	V5 covered pan 5 qt	638	19.10	12,185.80
9	A337 Trio st wldflwr	500	20.66	10,330.00
10	V1.5 covered pan 1.5 qt.	753	13.39	10,082.67
11	A5 5-qt sauce pan crnflr	549	17.46	9,585.54
12	A3 covered saucepan	646	14.82	9,573.72
13	A38 covered saucepan 3	538	15.69	8,441.22
14	A58 5-qt sc pan spc	427	18.32	7,822.64
15	A1.58 covered ds spc	602	11.34	6,826.68

PYREX

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2330 bake dish/baskt	1,076	13.57	14,601.32
2	6840 casserole/baskt	765	13.57	10,381.05
3	532 32-oz measure cup	2,636	3.58	9,436.88
4	209 pie plate 9"	4,058	2.24	9,089.92
5	508 8-oz measure cup	4,440	1.98	8,791.20
6	6230F casserol/bskt	971	8.13	7,894.23
7	2320F 2-qt dsh/bskt	867	9.10	7,889.70
8	233 utility dish 3 qt	1,415	5.21	7,372.15
9	7020 2-qt casa w/bskt	540	13.57	7,327.80
10	221 round cake	2,542	2.85	7,244.70
11	300-61 bowl set frst	663	10.68	7,080.84
12	232 utility dish 2 qt	1,573	4.48	7,047.04
13	300-95 3-pc bowl cl m	649	10.68	6,931.32
14	703 3-qt dish w/cover	746	9.01	6,727.46
15	234 4-qt baking dish	967	6.86	6,633.62

RUBBERMAID

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2965 Almond laundry basket	4,807	5.07	24,371.49
2	2892 20-gal can	1,248	14.14	17,646.72
3	2864 Choc swing top	1,908	7.45	14,214.60
4	2884 Almond swing top	1,540	7.45	11,473.00
5	0450 Bath mat lt blue	3,658	2.91	10,644.78
6	0450 Bath mat white	3,324	2.91	9,672.84
7	2843 Hooded can coc	740	12.77	9,449.80
8	2965 Choc Laundry basket	1,764	5.07	8,943.48
9	0450 Bath mat choc	2,662	2.91	7,746.42
10	2843 Hooded can almond	580	12.77	7,406.60
11	8765 Ice cube tray prepack	5,398	1.37	7,395.26
12	0450 Bath mat almond	2,424	2.91	7,053.84
13	1291 Choc sink mat	3,045	2.24	6,820.80
14	1291 Almond sink mat	2,903	2.24	6,502.72
15	6008 Dish drainer almond	1,194	4.98	5,946.12

GADGETS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Swingaway 407/1 Port Open Asst	2,218	4.43	9,825.74
2	Rhodes 29006 Marktime Timer	1,301	6.38	8,300.38
3	Aluminum Hawrs 1574 4Pk Parking Knife	5,856	1.41	8,256.96
4	Brom 119 4 Sided Grater	5,178	1.47	7,611.66
5	Ekco 30401 Pan Turner Nylon	3,942	1.53	6,031.26
6	Ekco 30761 Small Turner Nylon	3,928	1.53	6,009.84
7	Ekco 30431 Jumbo Turner Nylon	3,544	1.47	5,209.68
8	Ekco 30081 Basting Spoon	4,218	1.17	4,935.06
9	Arrow 13 Measure Cup Set	4,069	1.20	4,882.80
10	Trav 6666 Sunbeams	3,863	1.17	4,519.71
11	Aluminum Hawrs 377 Adjstbl Cheese Slcr	3,995	1.13	4,514.35
12	Ekco 30221 Slotted Spoon	3,724	1.17	4,357.08
13	Aluminum Hawrs 1554 Steak Knives	2,293	1.86	4,264.98
14	Ekco 00050 Peeler	3,371	1.25	4,213.75
15	Ekco 30481 Basting Spoon Nylon	2,696	1.53	4,124.88

CLOSET SHOP

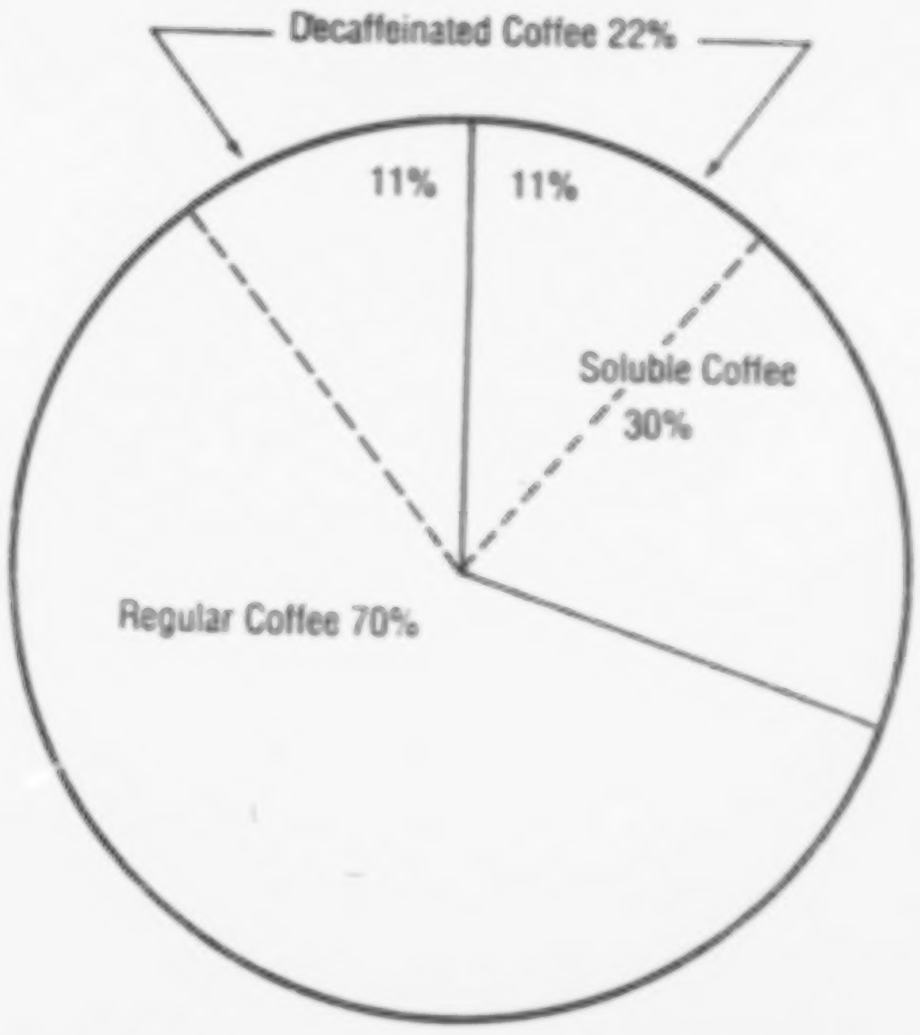
$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Mabx 288 moth balls 1 lb	8,324	1.22	10,155.28
2	Lee 3x66 garment rak brwn	790	12.32	9,732.80
3	Corr M755 3-pc skirt hang	4,078	1.82	7,421.96
4	Corr M766 4-tier skirt rk	2,664	2.18	5,807.52
5	Corr C2806 underbed ch cd	4,032	1.34	5,402.84
6	Corr M730 5 sw arm slk rk	2,200	2.38	5,236.00
7	Corr C2410 stor chest cdr	3,883	1.34	5,203.22
8	Lee 1567 stor closet brn	194	24.99	4,848.06
9	Corr W2112 sm 4 drawr cht	594	7.53	4,472.82
10	Corr M713 W blous/slk hng	2,109	1.89	3,986.01
11	Corr W840H 2 wood pnt hang	2,943	1.33	3,914.19
12	Mabx 447 para nugts 2.5	864	4.34	3,749.76
13	Lee 3150 overdoor rack	289	12.95	3,742.55
14	Corr M732 5-tier slk rack	2,013	1.79	3,603.27
15	Wall 616 expand coat rack	2,818	1.26	3,550.68

CLEANING AIDS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Magl 20 easy wipes, 20 pk	8,026	1.26	10,112.76
2	Kelg 869 jusky scrub	6,584	1.26	8,295.84
3	Kelg 845 counter duster	5,651	1.40	7,911.40
4	Chic 88000 stretch 'n dust	5,155	1.48	7,629.40
5	Kelg 851 bath brush	3,456	1.26	4,354.56
6	Magl 1346 deluxe gloves M	3,396	1.26	4,278.96
7	Klev 18 Hoover upright bag	5,477	0.74	4,052.98
8	Magl 1347 deluxe glves L	2,843	1.26	3,582.18
9	Magl 18 easy wipe clothe	4,427	0.77	3,408.79
10	Amsp 9CW big job sponges	2,646	1.23	3,254.58
11	Magl 1345 deluxe gloves S	2,484	1.26	3,129.84
12	Shmn 95 feather duster	4,020	0.77	3,096.40
13	Klev 26 all uprite vc bag	4,113	0.74	3,043.62
14	Kelg 826 shoe brush	2,353	1.28	2,964.78
15	Guad 01-12 one wipe cloth	2,110	1.33	2,806.30

Source: Schreiber, distributor, Lititz, Pa., for the Nov. 1, 1984, to Jan. 31, 1985 period, covering 625 stores, including 545 discount stores in the Northeast, Southeast, mid-Atlantic and North Central regions. Average [illegible] points for discount chains.

Types of Coffee Consumed



Source: International Coffee Organization

Decaffeinated coffee accounted for 22% of all coffee consumed in 1984, up 1% from the previous year, with the amount consumed split evenly between regular and soluble (instant) coffee.

% of U.S. Households Using Coffee-Making Items

Product	1975	1981	1982	1983	1984	Percentage-Point Change 1975-84	Percentage-Point Change 1983-84
Electric percolator	51	27	24	22	19	−32	−3
Electric drip	7	49	52	52	55	+48	+3
Regular percolator	24	12	10	10	10	−14	0
Drip pot	9	6	7	9	9	0	0
Filter cone	4	3	4	4	4	0	0
Steeping pot	3	2	2	2	3	0	+1
Vacuum coffeemaker	2	1	—	—	—	−2	—

Source: International Coffee Organization

Electric drip coffeemakers, now used by 55% of U.S. households, have gained in popularity, mostly at the expense of electric and regular percolators. The only other coffee-making item gaining usage last year was the steeping pot.

Coffee Cups Per Person/Per Day

	1962	1981	1982	1983	1984	Percentage-Point Change 1962-84	Percentage-Point Change 1983-84
All Coffee	3.12	1.92	1.90	1.85	1.99	−1.13	−0.14
Regular	2.457	1.38	1.33	1.31	1.44	−1.01	+0.13
Soluble	0.67	0.54	0.56	0.53	0.54	−0.13	+0.01

Source: International Coffee Organization

Coffee drinking is on the upswing for the first time since 1979. Last year 57.3% of the nation drank coffee, up 2.1% from the year before. On a per cup/per day basis, coffee drinking rose an overall 0.14%, led by a pickup in regular blends.

Coffee Gains, Stimulated by Brewed Decaf

NEW YORK — Sales gains of brewed decaffeinated coffee were large enough last year to drive the first overall national coffee consumption gains since 1979.

Brewed's popularity has also spurred electric drip coffeemakers' leap to dominance as the nation's preferred coffee-preparation item.

Last year saw a 2.1% rise in the nation's share of coffee drinkers, to 57.3% from 55.2% in 1983. This is a reversal in the gradual shrinkage of coffee drinkers that occurred since 1979, when 57.2% of the nation drank coffee.

Each drinker is consuming more, too—1.99 cups daily in 1984, up from 1.85 in 1983, according to the International Coffee Organization's Winter 1984 Coffee Drinking Study.

On this basis, coffee drinking has almost returned to the 1980 consumption level of 2.02 cups per person per day. However, coffee drinking still lags 36% behind the 3.12-cup level of 1962, when 3 Americans in 4 drank coffee.

Also last year, American households prepared coffee at home 55% of the time using electric drip coffeemakers, up from 52% in 1983 and 7% in 1975.

That gain came at the expense of electric percolators, which the nation used 19% of the time to prepare coffee at home in 1984. That's down from 22% in 1983 and 51% in 1975, the study revealed.

About 70% of coffee consumed in 1984 was regular, rather than soluble (instant) coffee.

The study, which is based on 7,500 interviews nationwide, showed that drinkers also prefer regular coffee on a per cup basis. Last year, people drank 9.9% more cups of regular coffee each day than in 1983; consumption rose from 1.31 cups to 1.44 cups. At the same time, soluble coffee drinking rose a slighter 1.9%, from 0.53 cups to 0.54 cups.

The number of people drinking decaffeinated coffee climbed 2.5% in 1984.

CONSUMER ELECTRONICS

1984 Imports Up in Almost All Categories

WASHINGTON — Spurred by an expanding economy and increased demand, the number of imports of consumer electronics products into this country increased in almost all categories last year.

Videocassette recorders (VCRs) showed the most dramatic leap—up 96.6%—according to U.S. Dept. of Commerce figures. That's an increase from 4.8 million VCR units imported in 1983 to 9.4 million last year.

Imports of home and auto tape players were up 39.4%, from 21.4 million units in 1983 to 29.8 million in 1984. The number of color television sets imported rose from 4.8 million in 1983 to 6.4 million in 1984, a jump of 32.8%.

Home and auto radios continued to be most in demand in this country. A total of 53.8 million radios were imported last year, up from 43.1 million a year before—a jump of 24.7%.

CE Imports Into U.S. in '84: Unit Volume Soars

Selected Products	Fourth Quarter 1984	Fourth Quarter 1983	Fourth Quarter % Change	Year 1984	Year 1983	Year % Change
TELEVISION						
Color	1,448,330	1,909,260	− 24.1	6,440,688	4,849,001	+32.8
Monochrome	1,366,816	1,587,358	− 13.9	6,461,881	5,281,297	+22.4
TOTAL	2,815,146	3,496,618	− 19.5	12,902,569	10,130,298	+27.4
RADIO						
Home	12,994,617	12,821,845	+ 1.3	48,935,051	38,637,003	+26.7
Auto	1,097,703	1,366,163	− 19.7	4,870,553	4,507,412	+ 8.1
TOTAL	14,092,320	14,188,008	− 0.7	53,805,604	43,144,415	+24.7
PHONOGRAPH						
Phonograph Only	294,230	44,248	+565.0	709,127	541,026	+31.1
Phono-Combination	633,324	646,477	− 2.0	1,877,071	1,994,505	− 5.9
TOTAL	927,554	690,725	+ 34.3	2,586,198	2,535,531	+ 2.0
RECORD PLAYERS, RECORD CHANGERS & TURNTABLES	602,603	749,482	− 19.6	3,038,104	2,943,552	+ 3.2
TAPE RECORDER/ PLAYER ONLY						
Audio	6,342,663	6,109,665	+ 3.8	24,705,109	21,188,722	+16.6
Video (Color & Mono)	2,648,879	1,782,488	+ 48.6	9,376,984	4,769,688	+96.6
TOTAL	8,991,542	7,892,153	+ 13.9	34,082,093	25,948,410	+31.3
TAPE PLAYERS ONLY						
Audio (Home Type)	3,697,458	2,454,839	+ 50.6	13,412,059	7,959,995	+68.5
Audio (Auto Type)	3,910,273	3,910,080	+ 0.0	16,387,800	13,422,524	+22.1
TOTAL	7,607,731	6,364,919	+ 19.5	29,799,859	21,382,519	+39.4

Source: U.S. Department of Commerce

C5150-3

~ H. Neibart

ELEVENTH ANNUAL PMA

See Special Section: Pp. 19-52

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

VOL. 24, NO. 8

Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.

$2 per copy

APRIL 15, 1985

Wal-Mart's Walton: We'll Buy American

BENTONVILLE, Ark. — Sam Walton, founder and chairman of Wal-Mart Stores, "firmly committed" his $6 billion company to the "philosophy" of Buy American and called on other retailers to do the same.

Walton's action is the latest illustration of the retailer's dedication to marrying patriotism, entrepreneurship and strong faith in the free-enterprise, capitalist system that has long been the hallmark of his career. It also demonstrates the 67-year-old Walton's continued firm control of Wal-Mart and his ability to have company policy reflect his own long-held personal beliefs.

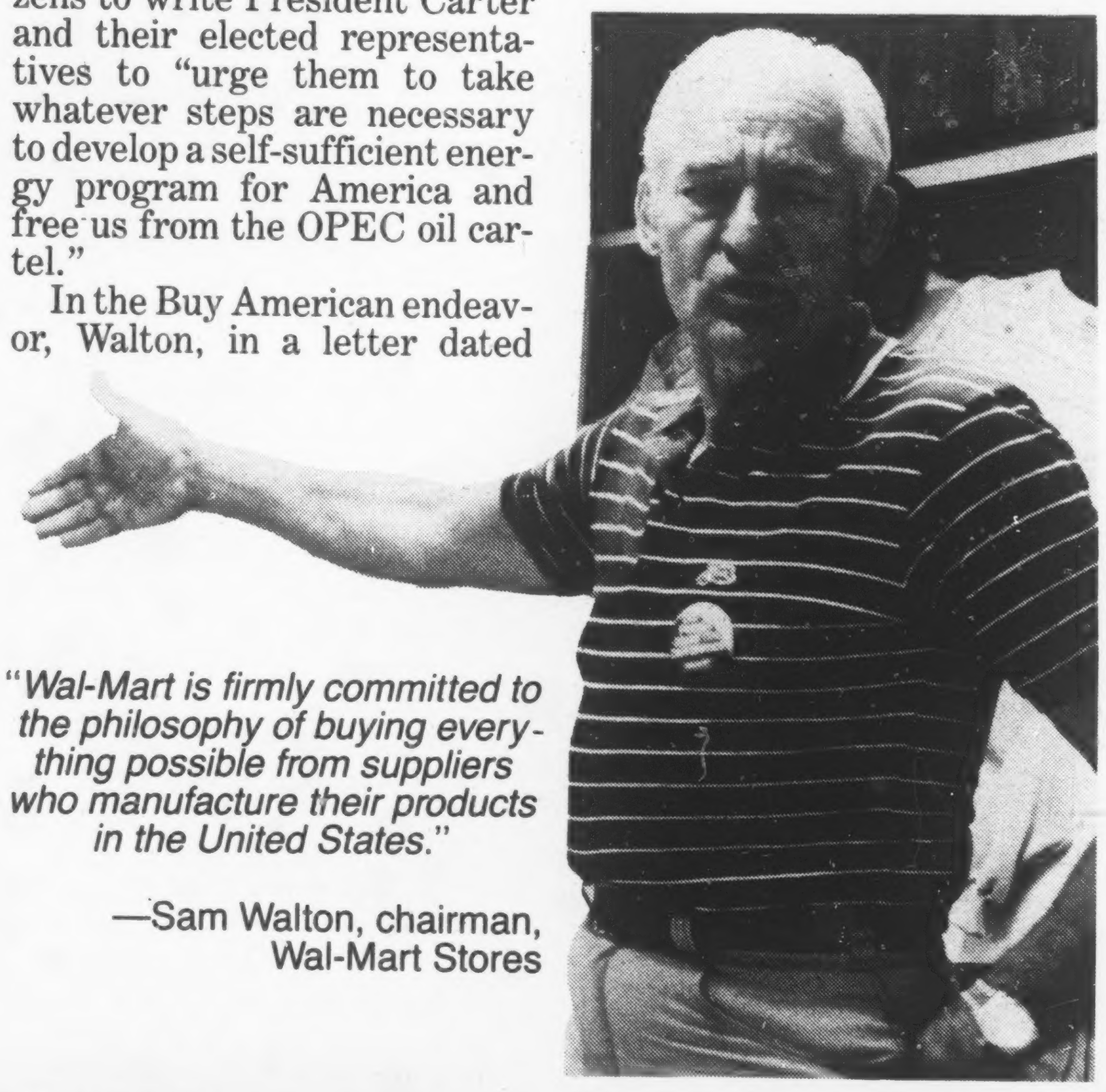
During the energy crisis in the late 1970's, for example, Walton in one ad called on citizens to write President Carter and their elected representatives to "urge them to take whatever steps are necessary to develop a self-sufficient energy program for America and free us from the OPEC oil cartel."

In the Buy American endeavor, Walton, in a letter dated March 14 and sent to about 3,000 of Wal-Mart's domestic vendors, cited the "serious threat" of the nation's balance-of-trade deficit as the spur to the effort. But, he also made clear that Buy American wasn't an anti-import campaign.

"Our Wal-Mart company is firmly committed to the philosophy of buying everything possible from suppliers who manufacture their products in the United States," he wrote.

"We are convinced that with proper planning and cooperation" between retailers and manufacturers "many products can be supplied to us that are comparable, or better, in value and quality to those we have been buying offshore."

(Continued on page 62)



"Wal-Mart is firmly committed to the philosophy of buying everything possible from suppliers who manufacture their products in the United States."

—Sam Walton, chairman,
Wal-Mart Stores

girls' fashions
new fashions arriving daily

Designer Depot is adopting a new look: piperacks replacing fashion fixtures to boost inventory capacity by 30% and a lower-priced apparel mix to firmly ground chain in the mass market.

Designer Depot Is Repositioned For Wider Mass-Market Appeal

TROY, Mich. — K mart is repositioning its 53-unit, off-price apparel Designer Depot chain to bolster the concept's appeal to the wide, mass-market audience with which it is most familiar.

Difficulty meeting 1984 sales projections—estimated in press reports at $131 million—is the main factor behind a switch to less fashion-oriented displays, a broader base of merchandise with diminished emphasis on high-ticket items, and a muting of the brand name appeal of earlier advertising.

At the same time, a decision has been reached to shutter the three-unit Garment Rack group which operated in Chicago and Detroit as clearance outlets for Designer Depot.

Despite changes, expansion of the concept will continue to be rapid, according to Robert Mulligan, the chain's director since December when the repositioning effort was launched.

Twenty new leases have been signed for 1985, all in existing markets. In addition, the three Garment Racks will be converted to Designer Depots by year's end, Mulligan said.

Last year 27 stores were opened, giving the K mart division sites in 14 states, including Pennsylvania, Delaware, Ohio, Kentucky, Minnesota, Texas, Illinois, Nebraska, Arizona and California.

Among the most visible aspects of the changes Designer Depot will undergo is an approximate 30% reduction in the number of fashion racks. Chain officials said they'd utilize the space for straight runs, packing 30%-35% more merchandise into each unit.

In terms of merchandise, Mulligan noted that he was aim-

(Continued on page 62)

Digest

April 15, 1985

ANNUAL PRODUCT MOVEMENT AUDIT

• **DSN's 11th annual PMA** gives distributors' views on trends for 1985, in addition to listing the top hard-line sellers of 1984:

Automotive: pp. 34-38
Consumables: p. 22
Hardware: pp. 27-30
H&BA: pp. 42-44
Housewares: pp. 50-52
Sporting Goods: p. 48
Toys: p. 47

Index

Apparel 14-16
Catalog Showroom News . . 11
Classified 58-60
Discounter Management
Development Series 57
Editorial 6

Discounter Spokesmen Urge Congress: Save TJTC Wage Subsidies Program

WASHINGTON — Top discount chain representatives called on Congress to reject Reagan Administration plans to kill the Targeted Jobs Tax Credit program, charging that elimination of the current $3,000-per-worker wage subsidies would choke off employment opportunities for hundreds of thousands of disadvantaged individuals.

In testimony before Rep. Charles Rangel's House revenue subcommittee late last month, Dayton Hudson employee relations vice president Thomas Etzkorn told Congress that his company has already hired thousands of "hard-to-employ" workers for the company's Target stores and other retail divisions. He predicted that other industry chains will actively recruit T.J.T.C.-eligible workers if the program is extended beyond the current year-end 1985 deadline.

Testifying on behalf of the Association of General Merchandise Chains, Etzkorn called the seven-year-old wage subsidies "a highly effective incentive program" which opens job opportunities for many individuals who would otherwise be unemployable.

Officials at the National Mass Retailing Institute expressed similar views in a statement submitted to Rangel's panel during the recent T.J.T.C. hearings.

Noting that the Federal "targeted' wage subsidies created employment opportunities for more than 500,000 "disadvantaged Americans" last year alone, NMRI called T.J.T.C. the "road out of poverty" for many difficult-to-employ individuals.

Behind the discount industry campaign to preserve T.J.T.C: massive six- and seven-figure Federal subsidies being claimed annually by a number of major chains.

Under T.J.T.C., employers hiring workers eligible for the tax credit program (e.g., handicapped individuals, "economically disadvantaged" Vietman veterans, cooperative education students from low-income families, etc.) qualify for direct Federal subsidies of up to 50% of all wages paid during their first year on the job (and 25% in the second year).

Although the maximum per-worker credit is limited to $3,000 (plus $1,500 in the second year) thee are no ceilings on the number of T.J.T.C. employees a chain may hire.

During 1984, for example,

(Continued on page 62)

IN BRIEF

• **STEPHEN J. JELIN, VP,** soft lines, Hills, has been named president of Prange Way, Green Bay, Wis., and has been elected a senior vice president of the parent H. C. Prange Co. He replaces Stan Brenner, who left the 20-store, $270 million operation to become president of California-based Gemco.

• **CLOSEOUTER SHOP**per's choice has closed, with a local firm obtaining the half-dozen stores in the Greater Buffalo market, and closeouter Odd Lot, Columbus, Ohio, picking up nine units in Indiana, Ohio and Pennsylvania.

• **BRADLEES HAS AP**pointed George M. Granoff to the newly created post of senior vice president, merchandising-Braintree, as the first step in the discounter's restructuring of its merchandising staff. All hard lines and soft goods merchandisers in Bradlees' central buying office in Braintree, Mass., report to Granoff.

Chains' '84: Profits Generally Bleak Despite Heavy Biz

Nationwide DSN Report

The earnings picture at the nation's leading discounters, catalogers and specialty retailers was generally bleak, in contrast to bright sales gains developed by these $400 million-plus retailers.

The muted earnings for most of the operations tracked by *DSN* showed that only 13 had double-digit gains in either net or operational income, while another half-dozen had single-digit increases. Ames reported the greatest jump in net income—43.4%—while Zayre Corp.'s Zayre discount stores had the largest boost in operational income—34.6%.

Additionally, six retailers reported earnings declines, with Best Products' bottom-line results down 58.8%, the greatest of any retailer. Two chains—Heck's and H. J. Wilson—reported red ink of $7.8 million and $3.3 million, respectively.

This overall earnings situation was in sharp contrast with the sales scene, as 25 chains reported double-digit volume gains that reached such peaks as 45.4% for Circuit City, 37.2% for Wal-Mart and 30.3% for Zayre Corp.'s Hit or Miss/T. J. Maxx off-price apparel specialty store division.

The numbers alone don't tell the story of a year that was described by K mart chairman Bernard M. Fauber as "one of the most severely competitive periods retailers have experienced in decades."

K mart's sales of $21 billion were up 13.4%, just under the 16.5% average sales gain for the 32 retailing operations, while its retailing net income of $492.9 million was only a 1.2%

(Continued on page 61)

Ames Boosted Net the Most: 43.4%

	Sales (add 000)			Net Earnings (add 000)				
Company	1984	1983	% Change	1984	(as % of sales)	1983	(as % of sales)	% Gain (in dollar earnings)
K mart[a]	$21,095,900	$18,597,900	13.4%	$492,900	2.3%	$487,200	2.6%	1.2%
Federated Dept. Stores[b] Gold Circle; Richway	9,672,336 NA	8,689,579 NA	11.3	286,700 NA	3.0	311,700 NA	3.6	(8.0)
Dayton Hudson[c] Target Mervyn's	8,009,030 3,550,100 2,141,100	6,963,255 3,118,400 1,688,900	15.0 13.9 26.8	259,346 235,144 223,245	3.2 6.6 10.4	245,457 176,800 184,500	3.5 5.7 10.9	5.7 33.0 21.0
Wal-Mart	6,400,861	4,666,909	37.2	270,767	4.2	196,244	4.2	38.0
F. W. Woolworth	5,737,000	5,456,000	5.2	141,000	2.5	118,000	2.2	19.5
May Co.[d] Venture	4,762,400 926,200	4,190,900 777,800	13.7 19.1	214,100 49,800	4.5	187,000 43,600	4.5	14.8 14.2
Melville[e] Marshalls Meldisco	4,423,472 1,189,508 932,609	3,923,219 1,061,508 848,449	12.8 12.1 9.9	190,366 NA NA	4.3	176,259 NA NA	4.5	8.0
Associated Dry Goods Caldor; Loehmann's	4,106,645 1,562,000	3,717,827 1,288,000	14.6 21.3	120,657 NA	2.9	115,520 NA	3.1	4.4
Stop & Shop[f] Bradlees	3,247,000 1,404,648	2,790,799 1,182,815	16.4 18.8	54,845 85,229	1.7 6.1	50,801 80,460	1.8 6.8	8.0 5.9
Zayre Corp.[g] Zayre Hit or Miss/T. J. Maxx	3,123,008 2,195,740 927,268	2,613,667 1,902,146 711,521	19.5 14.4 30.3	80,316 122,246 64,156	2.6 5.6 6.9	61,426 90,847 54,768	2.4 4.8 5.9	30.8 34.6 17.1
Best Products[h]	2,252,656	2,081,328	8.2	13,609	0.6	33,013	1.6	(58.8)
U.S. Shoe[i] Specialty retailing	1,717,401 905,906	1,507,773 765,838	13.9 18.3	53,432 52,022	3.1 5.7	75,221 78,116	5.0 10.2	(29.0) (33.4)
Toys "R" Us	1,701,700	1,319,642	29.0	111,424	6.5	92,317	7.0	20.7
Service Merchandise	1,656,992	1,458,098	13.6	44,576	2.7	44,869	3.1	(0.7)
SCOA Industries[j] General merchandise	1,423,613 NA	1,304,579 1,082,801	9.1	41,027 NA	2.9	41,812 69,812	3.2 —	(1.9)
Roses	927,395	829,286	11.8	23,898	2.6	21,886	2.6	9.2
G. C. Murphy[k]	913,252	872,151	4.7	19,009	2.1	17,027	2.0	11.6
Ames	821,985	647,256	27.0	28,516	3.5	19,886	3.1	43.4
H. J. Wilson	520,530	514,408	1.2	(3,339)	—	8,754	1.7	—
Circuit City	519,000	357,000	45.4	NA	NA	12,000	3.4	NA
Jamesway	475,406	416,773	14.1	13,264	2.8	11,509	2.8	15.2
Heck's	464,734	435,056	6.8	(7,782)	—	9,554	2.2	—

(a) K mart's earnings are just from retail operations; equity in income from insurance operations boosted earnings to $499.1 million in 1984 and to $492.3 million in 1983. (b) Federated Dept. Stores' income excluded one-time gain from sale of shopping centers. (c) Target's and Mervyn's earnings are operational income. (d) May Co.'s sales include rental revenues; Venture earnings are operational income. (e) Meldisco is jointly owned by Melville and K mart. (f) Bradlees' earnings are operational income. (g) Zayre's and Hit or Miss/T. J. Maxx's earnings are operational income. (h) Best Products' 1983 earnings are restated to reflect a change in the accounting method of valuing consumer electronics to FIFO from LIFO. (i) U.S. Shoe's specialty retailing earnings are operational income. (j) SCOA Industries' general merchandise earnings are operational income. (k) G. C. Murphy's income excludes extraordinary gains from the nontaxable exchange of long-term debt for equity, which boosted earnings to $20.1 million for 1984 and to $18.4 million for 1983. NA = Not available. —Not applicable.

Source: DSN Research

Security Has Lock on Home-Improvement Excitement

ATLANTA — New products, new packaging, new promotion possibilities and growing consumer awareness of the home security area found a mirror in discounter enthusiasm for the category last month.

Buyers flocking to the National Home Center Show here to sort out resources and, in some cases, take a last look at the market before finalizing fall home improvement programs called security the most exciting merchandise area at the show.

Some said that based on their work at the show they'd be realigning departments later this year to take advantage of security products' potential to glamorize their basically nuts and bolts business and hype fall traffic.

Most discounters at the show also took the opportunity to get a line on the availability of resources for kerosene heaters for the fall and to review other options in the space heater category.

Other items of interest to many included closet storage products, ultrasonic misters and unpainted furniture.

But the news of the show was definitely home security. Buyers on the floor of the Georgia World Congress Center said it's going to be an increasingly hot area for them for several reasons.

First, consumer consciousness of the category has mushroomed. "Security awareness is very visible now," noted Howard Stores buyer Jack Nelson, "so we're sure the category will remain very well shopped."

In addition, promotional opportunities continue to multiply. Most major insurers have recently begun to offer discounts to homeowners who install various security devices. Buyers said a popular promotion this fall would be a package of a smoke alarm, deadbolt and household fire extinguisher, the products the insurance carriers are asking for.

Finally, the growing availability of products like mercury vapor and quartz lights to the mass market through recent product and packaging innovations from makers like Handyman, ITT and General Electric is fueling the expansion of the whole security marketplace.

"Based on what I saw in terms of new concepts and packaging in outdoor lighting, I'm fairly confident that we'll

(Continued on page 61)

Discount Store News QUIZ

The *DSN* Quiz, testing your knowledge of news and trends in discount retailing covered in the previous two issues, will appear on this page monthly. Check your answers with the key on p. 60.

1. The hot feature for kitchen electrics this year will be:
   a) Multivoltage;
   b) Cordless;
   c) Disposable;
   d) Multipurpose.

2. Jamesway's growth plans call for:
   a) Expanding into new regions;
   b) Opening large 100,000-sq.-ft. store;
   c) Acquiring nonretailing firms;
   d) Filling in smaller markets.

3. Who is the new chairman of the Association of General Merchandise Chains?
   a) Samuel G. Leftwich;
   b) Max S. Danner;
   c) Edward T. Borda;
   d) William J. Marter.

4. A core group of ___ stores is the key to T.G. & Y.'s future:
   a) 100;
   b) 200;
   c) 300;
   d) 400.

5. Cataloger Service Merchandise reportedly made a bid for which other cataloger?
   a) Best Products;
   b) H. J. Wilson;
   c) L. Luria & Son;
   d) Ardan's.

6. Discounters and catalogers said their camera growth would come from:
   a) 35mm autofocus;
   b) Instant;
   c) Pocket;
   d) 3-D.

Is this person the new chairman of AGMC? See question 3.

7. RPM, gray market, "free-rider" and "rule of reason" are all buzzwords to discuss what subject?
   a) Hiring employees away from another chain;
   b) Negotiating leases;
   c) Antitrust legislation;
   d) Piggy-back advertising.

8. The rising star in many discounters' home improvement departments is:
   a) Electric paint guns;
   b) Water softeners and heaters;
   c) Unfinished KD furniture;
   d) Fluorescent outdoor paint.

9. What feature **isn't** in Gemco's new store prototype?
   a) 16-ft. main aisle bisecting unit;
   b) Outside glass display windows;
   c) IBM scanning equipment used for both food and general merchandise;
   d) A fresh seafood counter.

10. Owners of home computers can now shop a national electronic marketing service called:
   a) ElectroShop;
   b) Bit by Byte Shopping;
   c) Wizard Shopping;
   d) The Electronic Mall.

DISCOUNT STORE NEWS
(ISSN 0012-3587), is published biweekly—every other Monday except Sept. 17 through Oct. 29, when published every third week; monthly in December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rates: *Retailers*—one year, $12; three years, $30. Canada: one year, $13; three years, $33. *Wholesalers, manufacturers, schools, libraries and all others*—one year, $20; two years, $38; Canada: one year, $21; two years, $40. *Foreign subscriptions:* Airmail only, $100 per year. Single copy rate, $2, except annual census issue, $20.
Second-class circulation postage paid at New York, N.Y., and additional mailing offices.

Copyright© 1985 by Lebhar-Friedman Inc. All rights reserved.

Postmaster: please send address changes to Subscription Department, *Discount Store News*, 99 Park Ave., New York, N.Y. 10157. For change of address six weeks notice is requested. Give old and new address and zip code. If possible, enclose address portion from cover of previous issue.

Vol. 24, No. 8 April 15, 1985

’84 Best-sellers and Projections

Nationwide DSN Report

Superstar licenses, including Cabbage Patch Kids and Masters of the Universe, will help drive toy sales in 1985.

Halogen sealed beams, hydraulic floor jacks and hard-to-find small replacement parts will spark automotive growth this year.

Closet accessories, microwave ovens and cookware will remain among sales leaders in housewares.

These are some volume predictions for 1985 by distributors who serve many of the nation's full-line discounters. They're three of the major hard lines categories analyzed in *DSN*'s 11th annual Product Movement Audit, covering 1984 performance and a look ahead further into 1985.

Distributor PMA reports focus sharply on 1984's strongest volume-producing merchandise at the discount chains they serve, broken down by department and product category.

They're more than a discounter's version of a best-seller list. PMA reports explain the hows and whys of the markets and marketplace.

Distributors supplying the data also cite category trends: where products were in 1984, where they'll be in 1985 and the reasons why in detailed commentaries on consumer buying patterns, product innovations and presentation changes at store level.

Both the raw data and the accompanying interpretations should offer discounters a yardstick by which to compare their own 1984 results against those of distributors supplying discount chains throughout wide geographic areas.

This special PMA section, moreover, contains the opportunity for more input in buying projections for 1985.

Such trends may include, as examples, the nonstop introduction of new products driving the health & beauty aids market; the ongoing strength of fishing gear and exercise equipment in the sporting goods department.

On this page is a quick reference to the department volume leaders, based on orders for the distributors cited in each section.

Top Sellers

Housewares

Rubbermaid Roughneck 32-gal. trash can: 7,607 units/$171,081
Wear-Ever Preferred 10-in. fry pan: 10,233 units/$138,043
Nordic Micro-go-round: 2,533 units/$127,638

Auto

Westinghouse lg. sq. sealed beam: 102,183 units /$816,442
Westinghouse lg. round sealed beam: 221,271 units/$727,981
Armor All Protector 8-oz.: 239,707 units/$716,723

Sporting Goods

Keeper Bait fish formula: 125,000 units/$998,750
Winchester pump shotgun: 6,320 units/$947,937
Winchester semiauto shotgun: 3,730 units/$932,463

Toys

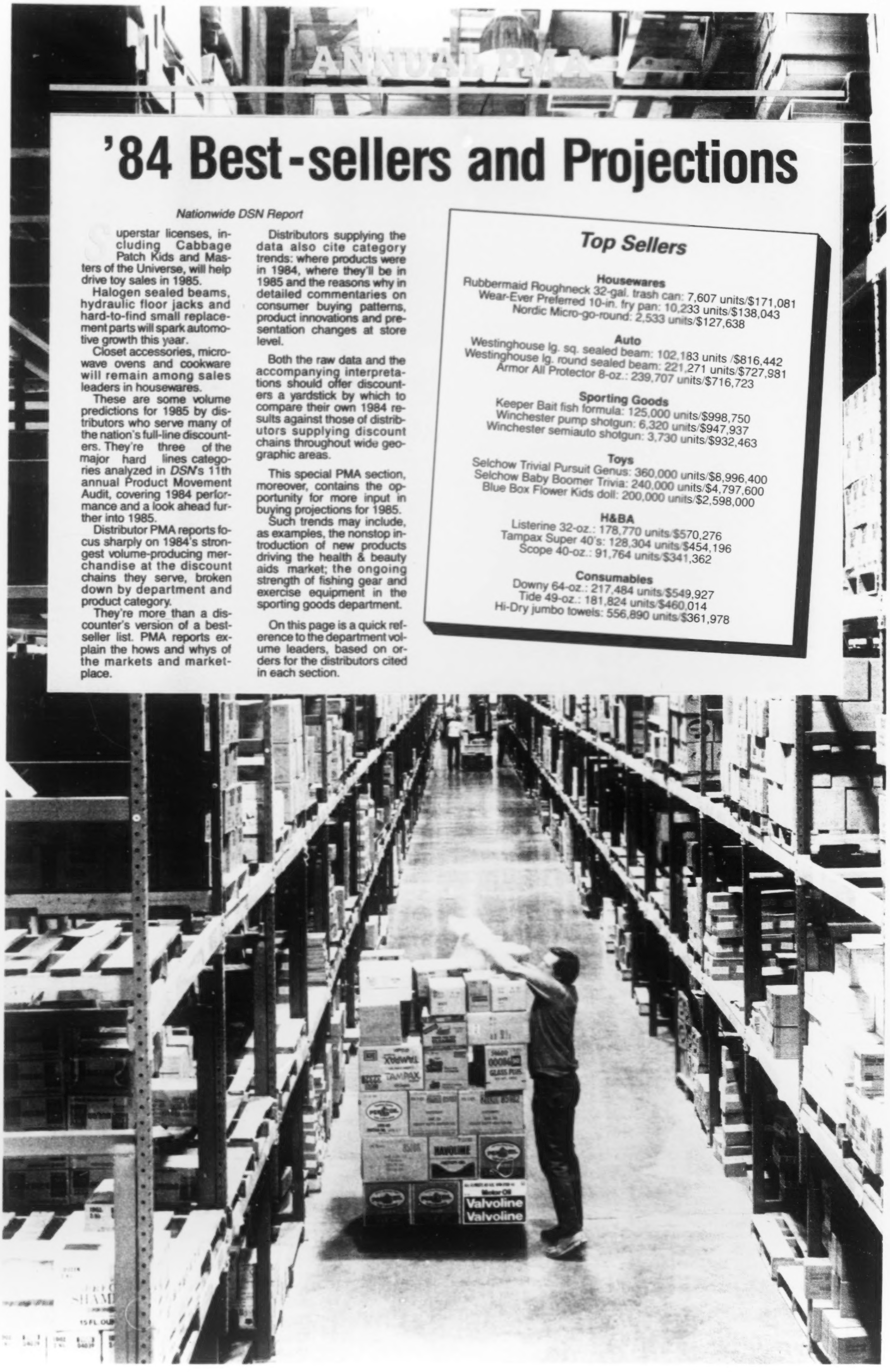
Selchow Trivial Pursuit Genus: 360,000 units/$8,996,400
Selchow Baby Boomer Trivia: 240,000 units/$4,797,600
Blue Box Flower Kids doll: 200,000 units/$2,598,000

H&BA

Listerine 32-oz.: 178,770 units/$570,276
Tampax Super 40's: 128,304 units/$454,196
Scope 40-oz.: 91,764 units/$341,362

Consumables

Downy 64-oz.: 217,484 units/$549,927
Tide 49-oz.: 181,824 units/$460,014
Hi-Dry jumbo towels: 556,890 units/$361,978



CONSUMABLES

DETERGENTS & LAUNDRY ADDITIVES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Downy Fabric Softener 64 oz	217,484	2.53	549,927
2	Tide Detergent 49 oz	181,824	2.53	460,014
3	Wisk Liquid Detergent 64 oz	76,248	3.56	271,442
4	Tide Detergent 171 oz	26,800	8.56	229,408
5	Purex Detergent 147 oz	32,628	4.70	153,351
6	Cheer Detergent 49 oz	51,590	2.53	131,038
7	Bounce Fabric Softener 40 CT	58,344	2.23	130,107
8	Final Touch 64 oz	56,094	2.17	121,723
9	Rinso Detergent Non-Phosphate 42 oz	84,770	1.28	108,505
10	Clorox Bleach 128 oz	94,530	1.14	107,764

PAPER PRODUCTS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Hi-Dry Towels Jumbo	556,890	0.65	361,978
2	Cottonelle Bath Tissue 4-Roll	175,032	1.29	229,291
3	Charmin Bath Tissue White 4-Roll	163,776	1.29	212,908
4	White Cloud White 4-Roll	128,256	1.29	165,450
5	Coronet Bath Tissue 8-Pack	82,440	1.97	162,406
6	Bounty Towels White & Decor Jumbo	174,150	0.89	154,993
7	Delsey Bathroom Tissue 4-Roll	75,192	1.11	83,463
8	Kleenex Purse/Pocket Pack 8's	55,296	1.31	72,437
9	Banner Toilet Tissue Assorted 4-Roll	63,648	1.04	66,193
10	Coronet Facial Tissue 150 Ct	101,376	0.63	63,866

CANDY BARS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Snickers Bar 48 Ct	429,360	0.32	133,101
2	Reese Peanut Butter Cups 36 Ct	335,124	0.32	107,239
3	Kit Kat Bar 36 Ct	290,772	0.32	93,047
4	3 Musketeer Bar 36 Ct	290,412	0.32	90,027
5	M&M Plain 48 Ct	274,512	0.32	85,098
6	M&M Peanut 48 Ct	252,690	0.32	78,417
7	York Peppermint Patties 36 Ct	237,096	0.32	75,870
8	Milky Way Bar 36 Ct	242,388	0.32	75,140
9	Twix Bar 36 Ct	176,652	0.32	54,762
10	Hershey Almond Bar 36 Ct	169,056	0.32	52,407

CLEANING SUPPLIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Fantastik Spray 32 oz	71,772	1.29	92,585
2	Murphy's Oil Soap Liquid 16 oz	70,092	1.13	79,203
3	Ajax Cleanser 14 oz	166,656	0.46	76,601
4	Windex Refill 32 oz	55,692	1.33	74,070
5	Arm & Hammer Baking Soda 16 oz	175,848	0.38	66,822
6	Dow Bathroom Cleaner 17 oz	49,008	1.34	65,670
7	Spic-n-Span 32 oz	28,896	2.03	58,658
8	Top Job 28 oz	24,276	2.15	52,193
9	Softscrub Cleanser 26 oz	29,259	1.78	52,081
10	Brillo Scour Pads 10's	60,552	0.82	49,652

Source: Boston Distributors, Maple Heights, Ohio, for calendar 1984. Boston supplies over 750 stores, including about 400 discount stores, in 18 states. Average retail prices listed by the distributor reflect typical price points for discount stores.

Mfr. Rivalry Builds Profit For Chains

BY CHARLES BOWLUS
Vice President,
Boston Distributors

Consumables represent the greatest opportunity for discount stores to draw in consumers.

Also, the intense competition among household chemical and laundry aid manufacturers results in buying opportunities for retailers which afford a respectable profit despite the competitiveness at the retail level.

PRODUCT MOVEMENT AUDIT

The availability of lucrative promotional allowances on most major brands affords retailers the means of making a 20% profit margin while competing favorably with the food trade in most parts of the country. Even if profits fall to 15%, gross margin dollars per foot will exceed most other departments'.

Discounters not availing themselves of laundry aids will miss one of the great promotional opportunities of the year as Lever Brothers introduces its new fabric softener, Snuggle.

Marketed to be 15% lower in price than Downy (our No. 1 laundry aid), Snuggle has created a price war in test markets the like of which we have never seen in any category. Expect the prices on Downy and Final Touch, Lever's other brand, to drop 30% to 40% as Snuggle is launched.

Strengths Examined

The detergent segment of our PMA was of course led by Tide, the nation's No. 1 brand, while liquids were led by Lever's Wisk. Procter & Gamble is giving Lever a fight in liquids with its introduction of Tide liquid.

Cleaning supplies, our No. 2 category in the department, while not expected to experience the volatility that we will see in laundry aids, is also being shaken up by new product introductions.

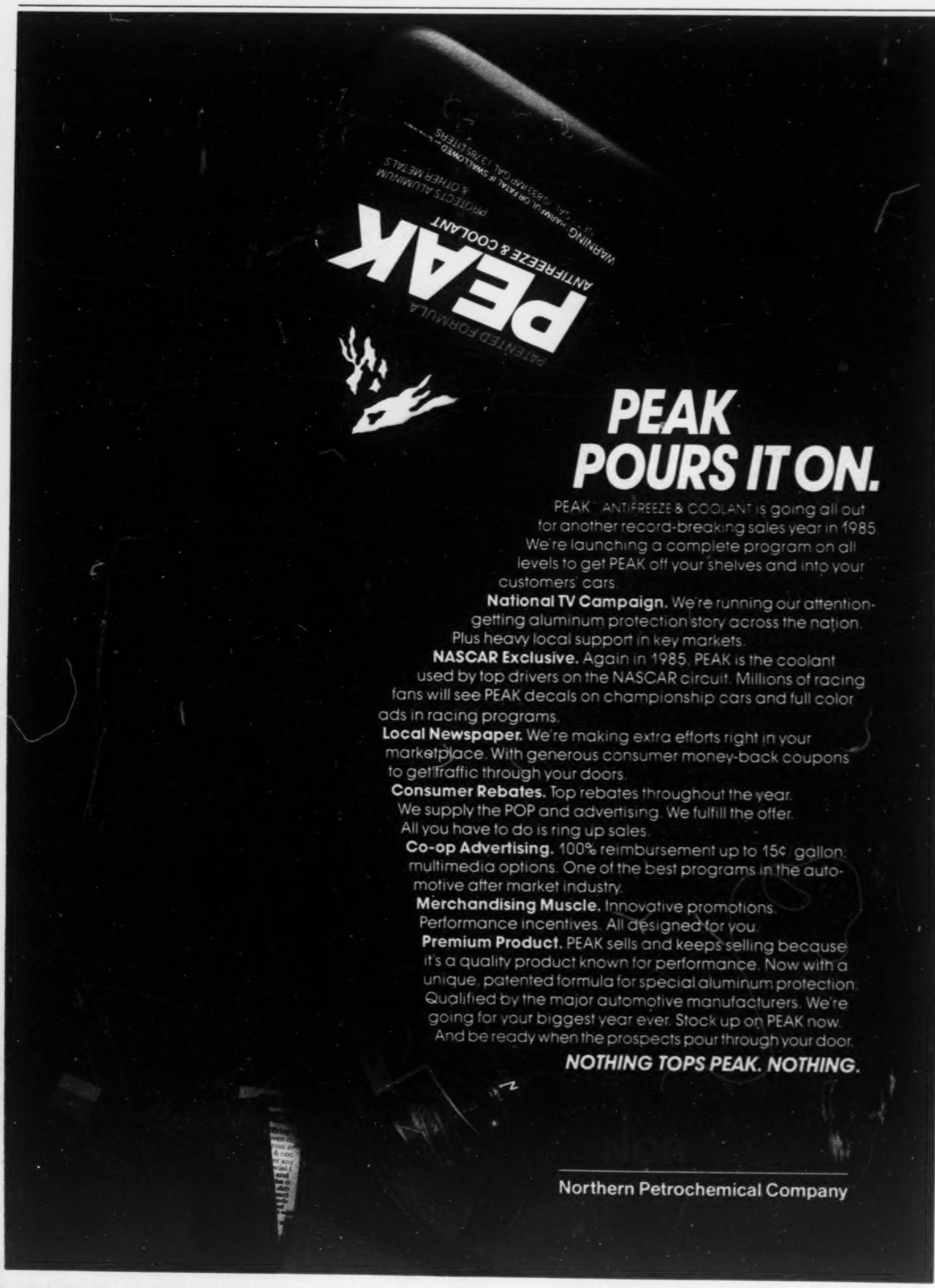
Fantastik, our No. 1 cleaning supply product, will face competition this year from Clorox's new entry, Tackle, and Pine Magic from Texize. These new cleaners boast disinfectants and bleach in formulations to increase their cleaning power.

The paper department was a mixture of brand names and price brands with Hi-Dri Towels landing at the top. Cottonelle, Charmin and White Cloud followed the towel in a race for the top premium bathroom tissue.

Another tremendous promotional opportunity is in loose chocolate bars and candy. Most discounters promote them just a few times a year on a seasonal basis, but they can be run on a monthly basis year-round.

Common promotions on loose chocolate bars are four for a dollar, with some discounters promoting them as low as five for a dollar.

The chocolate bar category is dominated by Mars, which took seven put-ups, including the No. 1 spot with Snickers. Hershey had four mentions, with its Reese Peanut Butter Cups and Kit Kat bar in the No. 2 and No. 3 positions.


PEAK POURS IT ON.

PEAK ANTIFREEZE & COOLANT is going all out for another record-breaking sales year in 1985. We're launching a complete program on all levels to get PEAK off your shelves and into your customers' cars.

National TV Campaign. We're running our attention-getting aluminum protection story across the nation. Plus heavy local support in key markets.

NASCAR Exclusive. Again in 1985, PEAK is the coolant used by top drivers on the NASCAR circuit. Millions of racing fans will see PEAK decals on championship cars and full color ads in racing programs.

Local Newspaper. We're making extra efforts right in your marketplace. With generous consumer money-back coupons to get traffic through your doors.

Consumer Rebates. Top rebates throughout the year. We supply the POP and advertising. We fulfill the offer. All you have to do is ring up sales.

Co-op Advertising. 100% reimbursement up to 15¢/gallon, multimedia options. One of the best programs in the automotive after market industry.

Merchandising Muscle. Innovative promotions. Performance incentives. All designed for you.

Premium Product. PEAK sells and keeps selling because it's a quality product known for performance. Now with a unique, patented formula for special aluminum protection. Qualified by the major automotive manufacturers. We're going for your biggest year ever. Stock up on PEAK now. And be ready when the prospects pour through your door.

NOTHING TOPS PEAK. NOTHING.

Northern Petrochemical Company
PATENTED FORMULA
PEAK
ANTIFREEZE & COOLANT
PROTECTS ALUMINUM & OTHER METALS
WARNING: HARMFUL OR FATAL IF SWALLOWED

Strong Tool and Security Promos Due

By ARNOLD REINHARD
Vice President, Sales and Marketing, Schreiber Co.

Looking forward, the market for our customers is good. Right now, however, they're coming off a lousy January and February leaving inventories very heavy and open-to-buys tight.

There's no question things will open up later this year. Meanwhile, we'll see lots of activity in the heavily promoted areas like power tools, hand tools and security.

You may see items like our best-selling Black & Decker Dustbuster on ad at around $25.99, the ⅜-in., variable speed, reversible drill at $23.99, and so on.

We're also moving more and more heavily into a replacement market in power tools. It's not just the fact that people are more dedicated to do-it-yourself. What we're seeing is that most homeowners, who have many of these items like an inexpensive drill, now want to get a more expensive, better-quality replacement.

This is increasingly driving the market for items like the B & D variable speed reversible drill or B & D's 7391 7¼-in. circular saw which retails every day at about $54.

In addition, the power tool accessory business, which is always good, with retailer gross margins averaging over 40%, is getting even better now as a result of the growing power tool replacement business. Drill bits still crowd the top of the list as they did last year. Our No. 1 volume mover, however, B & D's saw hole assistant, didn't make the top group at all last year.

Security items are again being heavily promoted and based on this should generate quite high movement this year. The top items in this category will continue to be the entry locks and padlocks. What's shifting is the market share that the imported items like Harlock are taking. They are coming in with both a pricing and a margin advantage and it's making them very popular circular items for our customers.

Last year, three of our top four movers in this category were from Master and just one, the T-700 Entry Module, from Harlock. This year it's reversed; three of the top four are from Harlock. There's also been a jump in the number of items being moved. We moved 31,000 more units of the T-700 in 1984 than in 1983, and the average everyday retail at about $10.95 was a dollar more than the year before.

In hand tools we're looking for an improving business for the remainder of the year. We see this area being helped by the fact that more and more women are getting involved in do-it-yourself activities. The top items aren't going to change much because they've been tending to stay pretty firmly locked in the items that are most basic to a do-it-yourself project: staple guns, rules and tapes, utility knives.

The hardware area should continue this year to be the biggest traffic draw for the discounter's hardware department, and we anticipate continued strong Dollar Day and event ads to keep this area strong.

Spring projects like garage cleanups are keeping the area going right now, but so many people are getting into ad-on projects with their current homes that we're tending to look at this area as one with never-ending potential for certain merchandise—shelf brackets, for instance.

Our hottest piece of merchandise last year, though, was the

(Continued on page 30)

POWER TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	B & D 9330 Dustbuster	3,722	31.83	118,471.26
2	B & D 7391 7¼" Circular Saw	796	54.39	43,294.44
3	B & D 7127 ⅜ Vari Rev Dr	1,407	29.10	40,943.70
4	B & D 7308 7¼" Saw	951	40.48	38,496.48
5	B & D 9360 Spotlighter	1,181	26.29	31,048.49
6	B & D 7404 Sander	1,042	26.81	27,936.02
7	B & D 2-Speed Jig Saw	845	27.80	23,491.00
8	B & D 7104 ⅜" Drill	1,004	26.61	21,696.44
9	B & D 9333 Dustbuster Plus	474	41.30	19,576.20
10	B & D 9020 Cordless Drill	477	40.64	19,385.25
11	B & D 7224 ½" Drill	295	60.07	17,720.65
12	B & D 7436 Sander	408	41.66	16,997.28
13	B & D 7504 Jig Saw	889	19.09	16,971.01
14	B & D 7190 ⅜" Drill Vs	387	41.25	15,963.75
15	B & D 9385 Scrubber	310	46.41	14,387.10

POWER TOOL ACCESSORIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	B & D 71-120 Hole Saw Asst	860	9.74	8,376.40
2	B & D U1670 6-Pc Set	930	8.90	8,277.00
3	B & D 71-007 7-Pc Drill Set	1,314	5.87	7,713.18
4	B & D 73-369 7¼" Carbide	884	8.54	7,549.36
5	B & D 70-404 ⅛" Drill Bit	4,905	1.44	7,063.20
6	B & D 79031 Workmate	101	64.29	6,493.29
7	B & D U2499 Router Bits	559	11.43	6,389.37
8	B & D 71-382 Mag Bit with Hld	920	6.77	6,228.40
9	B & D 730107 7¼" Comb	1,485	4.10	6,088.50
10	B & D 73-007 Combination Blade	1,849	2.84	5,251.16
11	B & D 73-047 7¼" Plywood Blade	1,574	2.97	4,674.78
12	B & D 73-217 7" Metal Blade	1,668	2.57	4,286.76
13	B & D 73-147 7¼" Blade	634	6.76	4,285.84
14	B & D 73-237 7" Mason Blade	1,648	2.57	4,235.36
15	B & D 70-436 5-Pc Drill Set	980	4.21	4,125.80

PLUMBING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Melard 1501 Basket Strainer	11,517	1.55	17,851.35
2	Melard 18016 6' Fem X Fem	3,990	3.58	14,284.20
3	Melard 1603 Ballcock Brass	1,299	10.94	14,211.06
4	Melard 14206 6' Plunger	9,390	1.45	13,615.50
5	Melard 1619 Flapper Ball	9,069	1.41	12,787.29
6	Melard 1600 Toilet Tank Kit	1,913	6.50	12,434.50
7	Melard 3525 Shower Massage	717	17.21	12,339.57
8	Melard 1601 Ballcock Plastic	2,101	4.48	9,412.48
9	Melard 19012 Sink Strainer	1,454	6.25	9,087.50
10	Melard 1422 Super Plunger	2,780	3.26	9,062.80
11	Melard 1660 Survo-Flush Kit	1,507	5.97	8,996.79
12	Melard 361 Guardsman with Adj	1,175	7.48	8,789.00
13	Melard 360 Executive Head	1,849	4.50	8.320.50
14	Melard 373 Shower Massage	769	10.25	7,882.25
15	Melard 68321 24" Towel Bar	821	9.29	7,627.09

ELECTRICAL

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Epak Moc-6C Multi-Outlet	1,965	16.81	33,031.65
2	Carol 03302 100' Org Ext	1,750	14.38	25,165.00
3	Elec Moc-4C Multi-Outlet	1,286	15.04	19,341.44
4	Leviton 800-274 3-Way Adapter	21,799	0.80	17,439.20
5	Leviton 801-6101 Night Light	8,766	1.86	16,304.76
6	Epak Elvt-300WG Pagoda Kit	99	132.68	13,135.32
7	Genc 12-2-5- Romex Nm	1,251	10.21	12,722.71
8	Leviton 801-6671 Dimmer	2,923	4.16	12,159.68
9	3MCO 195A ¾x250 Tape	10,288	1.16	11,934,08
10	Leviton 800-48642 Rubber Plug	7,055	1.65	11,640.75
11	Carol 4170 8½" C1 Lamp	2,213	5.25	11,618.25
12	Genc 12-2-100 Romces Nm	577	19.44	11,216.88
13	Leviton 800-1215 Ground Outlet	7,023	1.55	10,885.65
14	Leviton 800-697 Plug Outlet	4,009	2.71	10,864.39
15	Leviton 800-1406 Socket Adapter	5,535	1.91	10,571.85

SECURITY

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Harlock T-700 US3 Entry Module	7,921	10.95	86,734.95
2	Master 1500D Combination Padlock	9,796	3.40	33,306.40
3	Harlock UR 700-M-DL US3 Entry	1,542	14.60	22,513.20
4	Harlock T-700-M-DL US5 Entry	1,587	11.61	18,425.07
5	Master 1½" 22D Padlock	8,832	2.00	17,664.00
6	Harlock T-200 US3 Bedroom Pb	2,100	6.73	14,133.00
7	Harlock T-100 US3 Passage Pb	2,387	5.92	14,131.04
8	Master 1¾ 500D Padlock	5,531	2.55	14,104.05
9	Ideal SK600 Knob Lock	1,950	6.20	12,090.00
10	Harlock UJ 700 M-DL US5 Entry	776	15.30	11,872.80
11	Harlock DC-DB 840 US3 DDUB	1,016	11.62	11,805.92
12	Ideal 45-3024 Nite Latch	1,923	5.98	11,499.54
13	Master 1¾" 1D Padlock	1,763	6.05	10,666.15
14	Ideal SK85 Pneumatic Close	2,177	4.77	10,384.29
15	Master 1⅛" 7D Padlock	2,337	4.33	10,119.21

HARDWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	USM 203 Glue Gun	1,241	11.67	14,482.47
2	Ferm #500 8X10 Shelf Bracket	21,800	0.54	11,772.00
3	USM K110 Pop Rivetool	1,070	9.84	10,528.80
4	Ferm #500 6x8 Shelf Bracket	24,240	0.42	10,180.80
5	Ferm #500 10x12 Shelf Bracket	10,876	0.86	9,353.36
6	USM 220 All Purpose Glue	2,987	2.24	6,690.88
7	Weslock 810B Coat Hook Brass	3,349	1.25	4,186.25
8	USM S-42 Rivets Steel, Sh	3,430	1.17	4,013.10
9	USM CD4SD Molly Fastener	3,959	0.99	3,919.41
10	USM CD4S Molly Fastener	4,370	0.74	3,233.80
11	Atak FM2230 Thumb Tack Dp	10,584	0.30	3,175.20
12	Stanley B4-107 6" Sip Jt Pll	664	4.37	2,901.68
13	USM CD4SLD Molly Fastener	2,626	1.10	2,888.60
14	USM S-44 Rivets Steel Md	2,250	0.83	2,632.50
15	USM CD4XS Molly Fastner	3,020	0.83	2,506.60

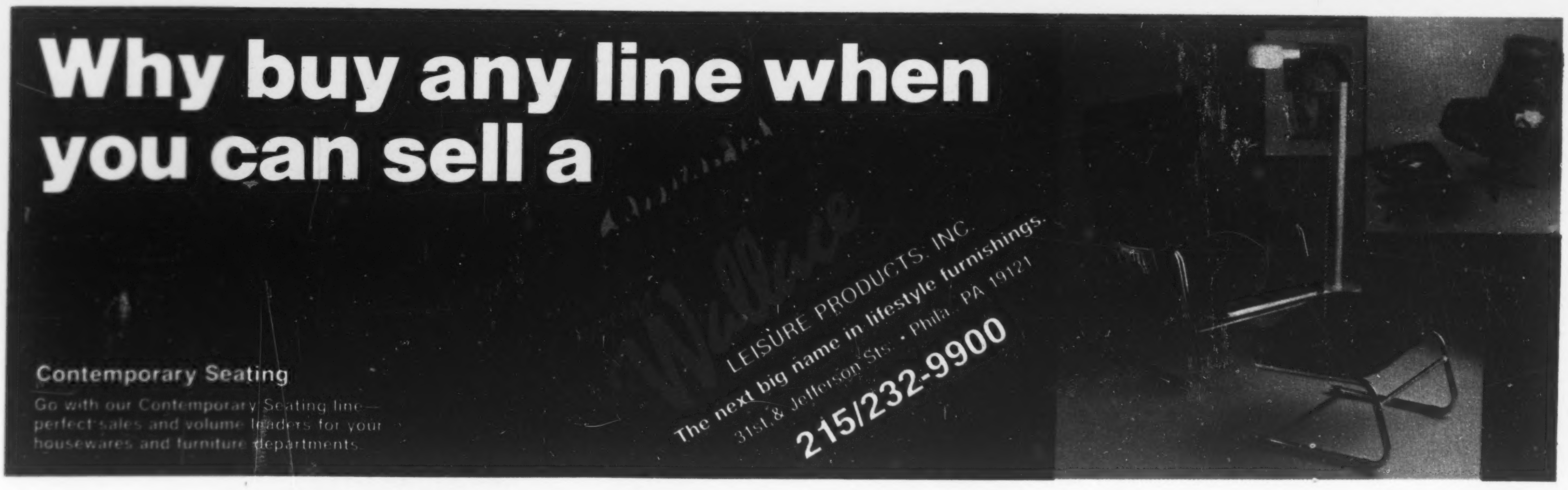
PAINT TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Hyde 04850 6" Wall Scraper	7,184	2.77	19,899.68
2	Hyde 13050 Razor Scraper & Blades	15,065	1.26	18,981.90
3	Hyde 13110 Replacement Blades	12,352	1.23	15,192.96
4	Hyde 04700 4.5 Wall Scraper	6,388	2.26	14,436.88
5	Hyde 04100 1.5 Putty Knife	9,094	1.46	13,277.24
6	Hyde 09100 10" Taping Knife	1,280	7.53	9.638.40
7	Hyde 10150 2.5 Woodscraper	3,126	2.96	959.52
8	Hyde 45810 Super Guide	2,629	3.27	9,122.63
9	Hyde 09410 Corner Tool	1,210	7.48	9,050.80
10	Hyde 09050 Pole Sander	574	15.65	8,983.10
11	Hyde 02750 5" Wall Scraper	1,595	5.50	8.772.50
12	Hyde 42000 Push Button Knife	2,534	3.23	8,184.82
13	Hyde 09710 10" Knife	1,020	7.96	8,119.20
14	Hyde 04350 3" Putty Knife	4,587	1.77	8,118.99
15	Warn 563 Mini Roller Set	6,535	1.21	7,907.35

HAND TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Arrow T-50 Staple Gun Tack	1,250	16.97	21,212.50
2	Stanley 11-921 Heavy Duty Blade	15,592	1.27	20,259.04
3	Stanley 33-312 12' Power Rule	1,823	9.18	16,735.14
4	Stanley 33-425 25' Tape Rule	1,058	13.43	14,206.94
5	Stanley 33-212 12' Power Rule	1,745	7.27	12,686.15
6	Stanley 10-099 Retract Knife	3,573	3.44	12,291.12
7	Juri B-103 Tool Holder	1,052	11.39	11,982.28
8	Stanley 34-500 100' L. Tape	959	11.88	11,392.92
9	Arrow JT-21 Staple Tacker	1,236	9.13	11,284.68
10	Stanley 10-299 Utility Knife	4,668	2.31	10,783.08
11	Arrow T-55 Staple Gun Tack	785	13.70	10,754.50
12	Stanley 42-248 48" Alum Level	829	12.68	10,511.72
13	Stanley 33-208 8' Power Rule	1,884	5.58	10,512.72
14	Juri N-453 Nail Bag	1,024	10.19	10,343.56
15	Stanley 33-116 16' Power Rule	916	11.39	10,433.24

(Continued on page 30)



Why buy any line when you can sell a

Contemporary Seating

Go with our Contemporary Seating line—perfect sales and volume leaders for your housewares and furniture departments.

LEISURE PRODUCTS, INC.
The next big name in lifestyle furnishings.
31st & Jefferson Sts. • Phila., PA 19121
215/232-9900

HARDWARE

11th Annual PMA

ABRASIVES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	3MCO 9002 Sandpaper Med	25,898	1.67	43,249.66
2	3MCO 9003 Sandpaper Corse	23,627	1.67	39,457.09
3	3MCO 9005 Sandpaper Asst	20,923	1.67	34,941.41
4	3MCO 9001 Sandpaper Fine	18,890	1.67	31,546.30
5	3MCO 9000 Sandpaper X-Fine	13,610	1.67	22,728.70
6	3MCO 8651 Dust Masks 5-pk	9,753	2.19	21,359.07
7	Amer 105000 Steel Wool 4/0	6,162	2.65	16,329.30
8	3MCO 9088 Wet or Dry Asst	4,427	2.45	10,846.15
9	3MCO 9075 Flint Asst	6,593	1.62	10,680.66
10	3MCO 9019 Prod Assorted	8,494	1.25	10,617.50
11	3MCO 9028 Sandpaper Asst	12,359	0.80	9,887.20
12	Amer 105005 Steel Wool 2	4,788	1.86	8,905.68
13	Amer 101129 Steel Wool Asst	8,003	1.07	8,563.21
14	3MCO 9064 Emery Asst	2,687	3.19	8,571.53
15	Amer 105004 Steel Wool 1	4,126	1.89	7,798.14

LIGHTING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Powr AP 15x12 Und Cab Lit	4,625	8.97	41,486.25
2	Jema 75 20 Glass/8 Lite	346	84.38	29,195.48
3	Jema 80 12 Glass/6 Lite	250	66.63	16,657.50
4	Powr GL240 Grid Lite 2 Lite	717	21.96	15,745.32
5	Dval 9800PB Wall Fixture	1,434	10.92	15,659.28
6	Powr C54B Circline 2 Lite	377	35.64	13,436.28
7	Powr ST120 24IN Strip	1,326	10.07	13,352.82
8	Dval 9708WH Ceiling Fixture	2,014	6.42	12,929.88
9	Wdlf CF69 24" Wagon Wheel	190	67.07	12,743.30
10	Dval 9708PC Ceiling Fixture	1,314	9.21	12,101.94
11	Jema 73 6 Glass/3 Lite	353	32.81	11,581.93
12	Dval 9501WH Ceiling Fixture	777	14.45	11,227.65
13	Wolf CF115X 18" Wagon Wheel	198	55.26	10,941.48
14	Wolf CF112 15" Wagon Wheel	302	36.21	10,935.42
15	Dval 1723BLK Wall Caddy	732	14.87	10,884.84

BATTERIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Eveready E91BP-4 AA Alkaline	201,969	2.99	603,887.31
2	Eveready E95BP-2 D Alkaline	241,050	2.23	537,541.50
3	Eveready E93BP-2 C Alkaline	221,613	2.23	494,196.99
4	Duracell MN1500B4 AA 4-pk	159,790	2.99	477,772.10
5	Duracell MN1300B2 D 2-pk	196,520	2.24	440,204.80
6	Duracell MN1400B2 C 2-pk	175,087	2.24	392,194.88
7	Eveready E91BP2 AA Alkaline	194,976	1.68	327,559.68
8	Duracell MN1604B 9 Volt	114,664	2.24	256,847.36
9	Eveready 522BP 9 Volt Alkaline	114,767	2.23	255,930.41
10	Duracell MN1500B2 AA 2-pk	142,943	1.68	240,144.24
11	Eveready 522BP2 9 Volt 2 pk	48,447	3.80	184,098.60
12	Duracell MN1604B2 9 Volt 2-pk	41,905	3.84	160,915.20
13	Eveready 1215BP-4 AA H D	104,014	1.54	160,181.56
14	Eveready 950-4 D General	90,845	1.30	118,098.50
15	Eveready E92BP2 AAA	66,996	1.68	112,553.28

SEALANTS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Kraz 240CD Krazy Glue	38,004	1.02	38,764.08
2	Duro Supl Super Glue	36,244	1.02	36,968.88
3	Bord E701 Wood Glue, 8 oz	16,253	1.81	29,417.93
4	Devc 5210 5 Minute Epoxy	13,126	1.90	24,939.40
5	Devc S208 5 Minute Epoxy	13,303	1.80	23,945.40
6	Devc S180 Contact Cement	13,410	1.64	21,992.40
7	GE 012 Caulk Clear	4,031	5.20	20,961.20
8	Devc S160 Gripwood	13,252	1.49	19,745.48
9	Devc S25 High Heat Repair	13,144	1.49	19,584.56
10	Bord E702 Wood Glue, 16 oz	6,119	3.09	18,907.71
11	Devc S10 Rubber Adhesive	13,326	1.31	17,457.06
12	Bord E379 Elmers Glue, 8 oz	10,949	1.36	14,890.64
13	Devc 6246P Duco Cement, 10 oz	13,224	1.12	14,810.88
14	Duro CC9 Contact Cement	13,050	1.44	13,279.68
15	Duro TT1 Tub N Tile Sealer	9,222	1.44	13,279.68

Source: Schreiber Co., Lititz, Pa., for calendar 1984, covering discount stores in the Northeast, Southeast, mid-Atlantic and North Central regions. Average retail prices reflect typical price points for most discount chains.

Promos Due

(Continued from page 27)

USM Glue Gun, which was heavily promoted by many of our customers. It moved from five on our list last year to one. We sold twice as many units in '84 as in '83.

In other areas, one of the changes we're seeing is in packaging of plumbing items, with the makers taking a better aim at the mass merchants' customers with more useful instructions and packages that are easier to display and sell in a self-service environment.

The items that will move aren't changing; it's a replacement market with discounters not looking to appeal to people taking on real plumbing jobs themselves.

Our top item last year remained unchanged from the year before: the Melard 1501 basket strainer with an average retail of $1.55.

One hot area at the end of the year was electrical. It always does well around the holiday season, getting a lot of fourth-quarter promotion. Multioutlets were especially good this past year, however. The Epak Moc-6C nearly doubled in movement from the year before to almost 2,000 units and over $33,000 at retail. The 4C picked up about a third in both units and dollars and jumped from seven on the 1983 list to the No. 3 spot for last year.

Other basic items, such as paint tools, will continue to take advantage of improvements in packaging and growth in DIY. Otherwise, we see little change for '85 over '84 once the economy opens up and more discounters are able to finish working off bloated inventory.

Sears' Four-Week Sales Rise 2.4%

CHICAGO — Sears' merchandising sales in the United States for the four weeks ended March 2, 1985, were 2.4% higher than last year.

Gross sales for the period were $1,445,783,627, an increase of $33,999,685 over sales for the comparable period in 1984.

Company chairman and ceo, Edward Telling attributed sales growth in part to a new surge in home appliances.

'Mass' Store Biz Dips at Federated

CINCINNATI — Federated Department Stores reported a 1.1% sales decrease for its mass merchandising stores for the four weeks ended March 2, 1985—from $53,400,000 last year to $52,900,000.

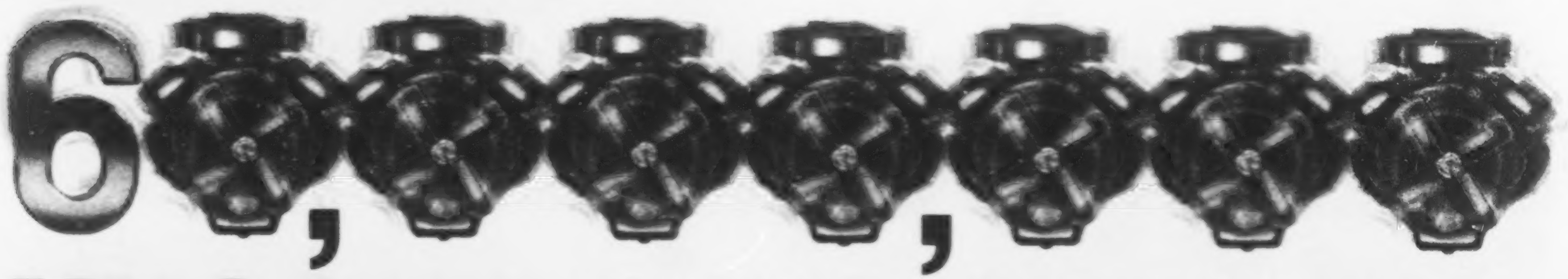
For the company as a whole, sales were up 8.8%, from $586,100,000 in February 1984 to $637,500,000 for the four weeks this year.

Jamesway's Sales Rose 17% in Feb.

SECAUCUS, N.J. — Jamesway reported sales of $25,569,000 for the four weeks ended March 2, 1985, up 17% from sales of $21,840,000 for the comparable period in 1984.

The company currently operates 85 stores. During February 1984, there were 78 stores in operation.

AMERICA'S 6



KNOCKING ENGINES ARE A BUILT-IN MARKET FOR NEW REGANE.™

Gumout® introduces the technological breakthrough that treats the cause, not just the knock.

Now engine knock—a problem in 40% of American cars—can be eliminated for an average distance of 2700 miles, with new Regane Combustion Chamber Cleaner.

Added to the gas tank, Regane actually reduces the need for high octane fuel, by removing knock-causing deposits from the combustion chamber and piston crowns. The results are so long-lasting that Regane is an economical alternative to premium unleaded gasoline.

In fact, in extensive market pre-testing by Gumout, 60% of respondents said they were ready to try this money-saving breakthrough product. The demand is growing and you can be there with the answer: Regane.

Healthy co-op advertising dollars are available from Gumout.

GUMOUT

A Quality Product of the Pennzoil Company.

ADD TO GASOLINE
EASY TO USE
WORKS FOR HUNDREDS OF MILES!
GUMOUT

AUTOMOTIVE

11th Annual PMA

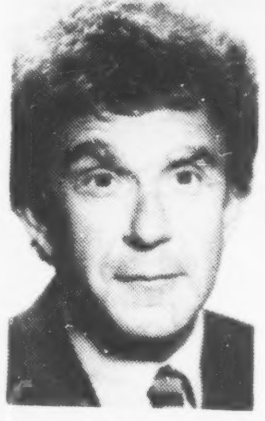
$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Sealed Beam, large square, 6052	102,183	7.99	816,442
2	Sealed Beam, large round, 6014	221,271	3.29	727,981
3	Armor All Protector, 8 oz, 10080	239,707	2.99	716,723
4	Fila Motorcraft Oil Filter	152,508	4.19	639,008
5	Raindance Paste, 14 oz	88,723	7.19	637,918
6	Oil Treatment 15 oz	275,973	2.29	631,978
7	Gumout Jet Spray, 13 oz	255,234	2.39	610.009
8	Armor All Protector, 16 oz	97,777	6.19	605,239
9	Sealed Beam, low square, 4652	114,148	4.99	569,598
10	Snowite Lit 'N' Easy, gal	33,653	13.99	470,805
11	Mint Hydraulic Floor Jack, 2 ton	10,215	44.99	459,572
12	Air Compressor w/gauge, 165 PSI	18,524	22.99	425,866
13	Turtle Wax Super Hard Shell Paste, 14 oz	106,133	3.99	423,470
14	Hydraulic Floor Jack, 2 ton	7,739	54.29	420,150
15	Raindance Liquid (apl pk) 16 oz	58,320	7.19	419,320
16	Auto Bulbs, 2 on a card, 1157	382,985	1.09	417,453
17	Freon, 14 oz, 1001	311,325	1.29	401,493
18	Quartz Halogen Fog Light Kit, amber	12,873	29.99	386,061
19	Halogen Sealed Beam, lrg, sq, H6054	17,861	19.99	357,041
20	Snap Fix-A-Flat, 12 oz	235,767	1.39	327,716
21	Gumout Carborator Cleaner, 12 oz, 7518	164,554	1.89	311,007
22	Armor All Protector, 32 oz, 10320	33,780	8.99	303,682
23	Roberk 16" Wiper Blade Refill	137,301	2.19	300,689
24	Westl Bleche-Wite-Liquid, 20 oz	136,676	2.19	299,320
25	Booster Cable Sleeved, 12'	36,385	8.19	297,993
26	One Piece Auto Ramp, pair	13,213	21.99	290,553
27	Gunk Engine-Brite aerosol, 20 oz	126,383	2.19	276,778
28	Turtle Minute Wax, 18 oz	44,930	5.99	269,130
29	Turtle Zip Liquid Car Wash, 18 oz	110,474	2.39	264,032
30	WD-40 Aerosol, 9 oz	92,908	2.59	240,631
31	Risione Oil Alloy, 32 oz, 100QR	84,642	2.79	236,151
32	Roberk 18" Wiper Blade Refill	107,496	2.19	235,416
33	AC Spark Plugs, R45TS-8BP	19,440	12.09	235,029
34	Chamois 2½ sq ft	38,695	5.99	231,783
35	Sealed Beam, low round, 4000	82,830	2.79	231,095
36	Prestone Heavy Duty Brake Fluid, 12 oz	115,419	1.99	229,683
37	Lee Oil Filter	62,383	3.49	217,716
38	Roberk 16" Wiper Blades	98,407	2.19	215,511
39	Armor All Protector, 4 oz	127,144	1.69	214,873
40	Jack Stand, 3000 lb	37,858	5.49	207,840
41	AC Oil Filters, PF-25	51,867	3.99	206,949
42	CD-2 Oil Detergent Black Label	84,926	2.39	202,973
43	A/C Recharge Kit/Freon, 885DOM	28,227	6.89	194,484
44	Warco Dot Brake FLuid, qt	47,344	3.89	184,168
45	Champ Plug (RBL15Y4)	15,220	12.09	184,009
46	Gas Can, 2 gal, Flex Spout	30,395	5.99	182,066
47	Prestone Super FLush, 22 oz	54,986	3.29	180,903
48	Plastic Bottle Gas-Ln Anti-Freeze	303,687	0.59	179,175
49	Wire Wheel Cover, 15", each	9,377	18.99	178.069
50	Pylon 16" Wiper Refills, 1016	80,824	2.19	177,004
51	Sandable Primer, gray	88,865	1.99	176,841
52	Aerosol Undercoating, 16 oz	88,763	1.99	176,638
53	AC Oil Filters, PF-47	43,859	3.99	174,997
54	Warco Dot Brake Fluid, 12 oz	117,047	1.49	174,400
55	C-16 Bars Leak, 12 oz (80)	78,100	2.19	171,039
56	6-Amp Battery Charger, SE86	5,675	29.99	170,193
57	Gallon Gas Can, Pull-Up Spout	56,341	2.99	168,459
58	Blue Poly Paste Sealant, 16 oz	16,708	9.99	166,912
59	Armor All Cleaner, 16 oz	72,876	2.29	166,886
60	Gas Can, 5 gal, Flex Spout	12,714	12.99	165,514
61	Gas Treatment, 8 oz	127,718	1.29	164,756
62	Quartz Halogen Driving Lt Kit, clear	5,387	29.99	161,556
63	DL Hand Cleaner Blue Label, 14 oz	125,172	1.29	161,171
64	Westl Bleche-Wite-Liquid, 32 oz	47,361	3.39	160,553
65	Lee Oil Filter, LF-25	41,265	3.89	160,520
66	Roberk 18" Wiper Blades	72,575	2.19	158,939
67	Wire Wheel Cover, 14", each	8,366	18.99	158,870
68	Foot Pump with Gauge	20,271	7.79	157,911
69	Sun Tachometer Super Tach II	3,156	49.99	157,768
70	Halogen Seal Beam, Lo Sq, H4656	14,328	10.99	157,464
71	Champ Plg, N12YCBP8	15,171	10.29	156,109
72	Johnson Wax Kit, Pre-soft Paste Wax, 12 oz	37,134	4.19	155,591
73	Pylong 18" Wiper Refills, 1018	70,727	2.19	154,892
74	AC Spark Plugs, R45TX TB8	12,276	12.09	148,416
75	Motorcraft Oil Filter, FL400	31,409	4.69	147,308
76	Yale Power Steering Fluid, 14 oz	73,121	1.99	145,510
77	Suntune Oil/Temp/Amp/Gauge	5,015	27.99	140,369
78	Blue Poly Polymer Seal Liquid, 16 oz	13,938	9.99	139,240
79	Turtle Color Back Liquid, 16 oz	27,834	4.99	138,891
80	Snowite Lite-N-EZ qt kit, 3305	27,811	4.99	138,776

(Continued on page 38)

Hard Parts, Truck Items Gain Ground

By HERB RECHTER
President, Allied Auto Parts and Auto Accessories

Mass merchants are looking at areas they have never considered before, especially in hard parts like brake shoes and pads and application items like replacement arms for hatchbacks.



They're looking at assortments more carefully and establishing positions in categories like truck items. They're carrying enough sku's of passport windows, bed covers, running boards and clearance light sets to come in with ads and feature a whole truck assortment.

There's also a strong trend to dual lining, for example, putting in both a generic cap and rotor and an OEM item, too. We're finding that there's a distinct customer for the OEM product.

The driving force for the full-line discounters who are seeking to strengthen their position in any of these areas is the burgeoning of the specialty discount chains. Not everyone is equipped to get involved in this kind of competition, however, and for many the shift is now to stengthen their business in staple items like waxes and polishes, chemicals and other basic accessories.

That's where we did the bulk of our business in 1984, too, and where it will continue in 1985.

The biggest shift we see occurring among our top moving products is a dramatic increase in movement for halogen sealed beams like our No. 19 item with its $19.99 average retail. They've been around for a few

(Continued on page 38)

Venture's Feb. Biz Had 14.3% Jump

ST. LOUIS — Venture's sales in the four weeks ended March 2 jumped 14.3% to $52.2 million from $45.7 million.

Same-store volume went up 5.4%.

Sales at Venture's parent May Department Stores in the four weeks reached $288.7 million, up 13.3% from $254.8 million. Same-store volume increased 8.8%.

May president David C. Farrell said sales "were more vigorous than expected. Gains were broad-based, occurring in apparel and accessories, as well as home furnishings." He specifically noted "substantial volume . . . in cosmetics, all parts of jewelry, women's sportswear, intimate apparel, children's apparel and numerous areas of home furnishing."

All three company divisions had double-digit increases, he added. The department store arm went up 10.3% to $197.1 million from $178.6 million while the Volume Shoe operation showed a 29.1% jump to $39.4 million from $30.5 million.

Our promotion is made to order for building traffic.

The "WD-40 Springs for the Savings" promotion will have both men and women looking for WD-40. This year, we're giving them twice as many reasons: new uses and a first-time-ever accessories offer.

Customers order WD-40® accessories from your display.

We'll be offering high-demand items like T-shirts, hats,windbreakers and coolers, all with the WD-40 logo. National TV and magazine advertising will send customers to your displays to order.

Hang tags and brochures feature $4.00 savings.

Customers can save $4.00 or more on items with the purchase of WD-40. Hang tags and brochures grab attention, feature order blank and new uses for WD-40.

Profit from our displays.

WD-40 displays build traffic and increase impulse purchases. Order your side stack or stack display today.

WD-40 Co.,
San Diego,
CA 92110

AUTOMOTIVE

11th Annual PMA

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
81	CD-2 Oil Treatment Red Label	50,045	2.39	138,727
82	#7 Car Wash Powder, 8 oz	52,861	2.59	136,909
83	Super Hard Shell Liquid, 12 oz	45,619	2.99	136,400
84	Sandable Primer, red	68,468	1.99	136,251
85	Fram Oil Filter, PH8A	33,052	4.09	135,182
86	Gas Treatment, 12 oz, STP	67,838	1.99	134,997
87	Midget Grease Gun Kit	16,131	8.29	133,725
88	10-Amp Battery Charger, SE1010	3,298	39.99	131,887
89	Sim Super Blu Pre-soft Paste, 9 oz	39,801	3.29	130,945
90	Rubber Soundproof Undercoat, TMP	43,742	2.99	130,788
91	#7 Rubbing Compound, 12 oz	56,970	2.29	130,461
92	GE Silicone Seal, clear, 2.8 fl oz	39,400	3.29	129,626
93	Antenna Spring with Booster, 45"	14,168	8.99	127,370
94	Champ Plug RV15YCBP8	10,495	12.09	126,884
95	Auto Bulbs, 2 on a Card, 194	113,690	1.09	123,922
96	Plywood Mechanics Creeper	9,458	12.99	122,859
97	Hvy Duty Instant Spare w Hose, 16 oz	53,340	2.29	122,148
98	#7 White Polishing Compound, 12 oz	53,204	2.29	121,837
99	Solar Film, Smoke, 20" x 120"	13,545	8.99	121,769
100	Zerex Anti-Freeze, gal	24,337	4.99	121,441
101	Multi-Service Grease, 14 oz	87,167	1.39	121,162
102	Top Post HD Term, 8101BP, 1/CD	121,917	0.99	120,697
103	Booster Cable, heavy duty, 12' box	7,063	16.99	120,000
104	Oscillating Fan, 6", 12 V	6,660	17.99	119,813
105	Custom Wire Set, 8mm Silicone	6,657	12.57	119,759
106	R-6 Bars Leak, 5½ oz (175)	75,299	1.59	119,725
107	AC Spark Plugs, R44T-8BP	9,790	12.09	118,361
108	Prestone Hvy Duty Brake Fluid, 32 oz	23,705	4.99	118,287
109	Promo Rubber Mat, 4-pc set, blue	10,293	11.49	118,266
110	Auto Bulbs, 2 on a card, 1157NA	74,262	1.59	118,076
111	50,000 BTU Reddy Heater	512	229.95	117,734
112	Promo Rubber Mat, 4-pc set, blk	10,235	11.49	117,600
113	6 Ton Hydraulic Bottle Jack	6,353	18.49	117,466
114	AC Oil Filters, PF-35	29,409	3.99	117,341
115	Wheel Wrench, 20"	23,482	4.99	117,175
116	10/50 Amp Battery Charger, SE1250	2,121	54.99	116,633
117	Semi-Automatic 12V Pwr Antenna	3,297	34.99	115,362
118	400-195 Thermostat B/P	52,297	2.19	114,530
119	Lee Oil Filter, LF-16	32,672	3.49	114,025
120	Champ Plg, RJ12YCBP8	9,394	12.09	113,573
121	Thrush Muffler, T-4163	6,288	17.99	113,121
122	Lee Air Filters, AFL-91	20,595	5.49	113,006
123	Halogen Sealed Beam, lg, rd, H6017	5,616	19.99	112,263
124	Lee Oil Filter, LF-40	27,686	3.99	110,476
125	Lee Maxi Oil Filter, LF-1HP	23,989	4.59	110,109
126	Aerosol Undercoating, 20 oz	47,973	2.29	109,858
127	Thrush Muffler, T-5163	6,103	17.99	109,792
128	Aerosol Starting Fluid, R540	84,726	1.29	109,296
129	Thrush Muffler, T-3163	6,048	17.99	108,803
130	GE Glass Seal, Clare 2.8 fl oz	32,700	3.29	107,583
131	Bug/Tar Remover Liquid, 16 oz	48,382	2.19	105,956
132	Suntune Tachometer, 3" Face	3,272	31.99	104,671
133	Multi Service Grease, 3/Tubes, 3 oz	39,930	2.59	103,418
134	Champ Plg, RV17YC6BP8	8,483	12.09	102,559
135	Delco Tune-up Kit, 8 Cyln, 101-2	11,626	8.79	102,192
136	Foamy Engine-Brite Aerosol, 20 oz	48,655	2.09	101,688
137	Promo Rubber Mat, 4-pc set, gold	8,842	11.49	101,594
138	Sandable Primer, black (dk gray)	50,604	1.99	100,701
139	Chrome Spray paint, 16 oz	36,065	2.79	100,621
140	Lee Oil Filter, LF-24	25,844	3.89	100,533

Source: Allied Accessories and Auto Parts, Madison Heights, Mich., for calendar 1984. Allied services over 2,500 retail outlets throughout the United States, 98% of which are discount auto departments. Average retail prices reflect typical price points for discount stores.

Hard Parts

(Continued from page 34)

years but a couple of things are coming to bear on the market that will bolster this trend.

This past year, manufacturer advertising was heavy, but in addition, large numbers of people who bought the halogen beams as original equipment came onto the replacement market and they decided to continue with them.

Another thing you'll see happening in basic product areas is less different types of waxes and polishes. We're cutting down on what we're carrying and the retailers are going to have to continue to do so, too.

The back-to-basics trend in this area is still on in force as a result of consumers having been so confused a couple of years ago with the polys.

What you'll see for 1985 will be very heavy movement for items like the Turtle Wax Super Hard Shell Paste in the 14 oz. size, and the Raindance Paste, 14 oz.

In the promotional area, the strong American dollar has helped maintain very strong movement for our hydraulic floor jacks. The 2-ton item, which retails for an average $54.29, slipped from No. 2 last year to No. 14 on this list, but that's only because we added a mini-jack which outsold it by about 2,500 units.

Promising Area

One of the big changes in the business that won't show up on the chart is the strong growth for fix-it-type products. The first and strongest is the program from Motormite; it has been copied by any number of manufacturers.

Our seat cover business is continuing to change as it has for several years. We used to sell a lot of $5.99 nylon. People are continuing to move up to higher priced and better looking items and discounters are giving the merchandise more space on the shelf.

Crazy Eddie's Biz Soars in Qtr., Year

NEW YORK — Crazy Eddie, the New York-based consumer electronic retailer, had net sales of $65,300,000 for the fourth quarter ended March 4.

This represents an increase of 38.3% over the $47,200,000 posted last year in the corresponding quarter.

Net sales for the year amounted to $165,200,000 compared to $129,700,000 in the previous year, an increase of 27.4%.

Comparable-store sales for the fourth quarter rose 22% and for the year, increased 11% over 1983.

Grand Auto Agrees To Acquire AW

OAKLAND, Calif. — Grand Auto signed an agreement to acquire all shares of stock of Automotive Wholesalers, Kent, Wash., subject to adjustments based on the latter's audited financial statements.

AW will be operated as a subsidiary of Grand Auto. There are currently 22 retail automotive stores operated by AW under the name, Top Auto. Estimated annual sales, including the wholesale group are $22,000,000.

ACE THEM!

DISCOUNT STORE NEWS' CONSUMER ELECTRONICS SHOW ISSUE JUNE 10.

Consumer electronics retailing is fiercely competitive today. And discount retailers are acing the competition.

Consumer electronics sales have really climbed up the ladder in discount retailing. Today discount retailers account for 44% of total consumer electronics sales, up from 32% last year.

It's a $10.2 billion market. Up from $7.3 billion last year.

And no one's as firmly seated in this market as DISCOUNT STORE NEWS.

Our June 10 Consumer Electronics Show issue is the way to send your message to corporate officers, merchandise managers, buyers and store managers in all the major discount chains.

Including such giants as K mart, T.G.&Y., Target, Caldor and Wal-Mart. Plus the catalog showroom chains and specialty discounters.

A survey by the respected research firm of Erdos & Morgan shows DISCOUNT STORE NEWS is considered the most valuable publication received by corporate officers, merchandise managers and consumer electronics buyers.*

Ace your competition. Supplement your booth at the show with a message in this special issue.

You get bonus distribution at the show and you reach those who don't attend, too.

Reserve your space now.

ISSUE CLOSES MAY 14

*For more information on the Erdos & Morgan study, see your Discount Store News Sales Representative.

Discount Store News
THE NEWSPAPER OF DISCOUNT RETAILING

THE NEWSPAPER OF THE BIG LEAGUE CHAINS
John Failla, National Sales Manager
Sales Offices
New York: 425 Park Avenue, New York, NY 10022 (212) 371-9400
Boston: 1 Gateway Center, Newton, MA 02158 (617) 527-6394
Chicago: 444 N. Michigan Avenue, Chicago, IL 60611 (312) 644-8688
Los Angeles: 606 N. Larchmont Blvd., Los Angeles, CA 90004 (213) 464-8321
Lebhar-Friedman, Inc. The Voice of Retailing.

HEALTH & BEAUTY AIDS

11th Annual PMA

MOUTHWASH

$ '84 Rank	$ '83 Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Listerine Antiseptic 32 oz	178,770	3.19	570,276
2	3	Scope Mouthwash 40 oz	91,764	3.72	341,362
3	2	Scope Mouthwash 24 oz	102,372	2.59	265,143
4	7	Scope Mouthwash 18 oz	33,084	2.31	76,424
5	8	Listerine Antiseptic 24 oz	24,384	3.13	76,321
6	4	Signal Mouthwash 32 oz	29,826	2.41	71,880
7	11	Listerine Antiseptic 12 oz	35,582	1.94	69,048
8	5	Listerine Antiseptic 18 oz	27,000	2.51	67,770
9	12	Scope Mouthwash 12 oz	29,280	1.80	52,704
10	9	Cepacol Mouthwash 24 oz	16,428	3.17	52,076
11	13	Act Dental Rinse 18 oz	15,849	3.06	48,497
12	14	Scope Mouthwash 6 oz	37,056	1.19	44,096
13	6	Signal Mouthwash 24 oz	18,168	2.23	40,514
14	—	Listerine Antiseptic 6 oz	28,776	1.28	36,833
15	8	Listermint Mouthwash 24 oz	11,376	3.04	34,583

SANITARY NAPKINS

$ '84 Rank	$ '83 Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Tampax Super 40's	128,304	3.54	454,196
2	3	Tampax Original Regular 40's	78,264	3.54	27,837
3	4	Stayfree Maxi Pads 30's	65,460	3.85	265,113
4	2	Stayfree Maxi Pads Super 30's	65,688	3.85	264,722
5	7	Tampax Slender Regular 40's	73,410	3.54	259,137
6	—	Always Maxi Pads 30's	60,060	3.85	225,225
7	6	Tampax Super Plus 40's	58,242	3.54	204,429
8	5	Stayfree Ddrnt Maxi Pads 30's	48,780	3.85	196,583
9	—	Always Deodorant Maxi Pads 30's	37,392	3.85	140,967
10	—	Carefree Panty Shields 26's	51,230	2.25	115,267
11	9	Sure & Natural Maxi Shields 30's	25,800	4.13	106,554
12	—	Playtex Ddrnt Tmpn Super Plus 28's	21,415	3.97	85,017
13	11	Playtex Deodorant Tampons Reg 28's	21,419	3.73	79,892
14	10	Playtex Deodorant Tampons Super 28's	20,408	3.73	76,121
15	—	Silhouette Body Shape Maxi 26's	17,232	3.99	68,755

TOOTHPASTE

$ '84 Rank	$ '83 Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2	Crest Reg 6.4 oz	203,468	1.61	327,583
2	3	Crest Mint 6.4 oz	184,443	1.61	300,642
3	5	Crest Gel 6.4 oz	171,715	1.61	278,178
4	1	Aqua Fresh 6.4 oz	181,626	1.61	236,113
5	14	Crest Mint 8.2 oz	61,877	2.09	129,322
6	6	Colgate Dental Cream 7 oz	78,750	1.61	118,125
7	11	Crest Gel 8.2 oz	55,325	2.09	117,842
8	9	Crest Reg 8.2 oz	55,550	2.09	113,322
9	—	Colgate Reg Twin Pack 7 oz.	49,575	2.25	111,543
10	4	Aim Toothpaste 6.4 oz	70,701	1.61	90,497
11	—	Colgate Gel Twin Pack 6.4 oz	38,282	2.25	86,517
12	12	Pepsodent 8.3 oz	74,698	1.06	79,179
13	8	Aqua Fresh 8.2 oz	39,993	2.04	67,588
14	7	Colgate Gel 6.4 oz	45,353	1.61	67,122
15	15	Gleem II 7 oz	33,263	1.90	63,199

SHAMPOO

$ '84 Rank	$ '83 Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Flex Shampoo Normal 15 oz	117,304	1.86	219,358
2	2	Flex Shampoo Extra Body 15 oz	114,024	1.86	213,224
3	3	Head & Shoulders Lotion 15 oz	51,129	3.89	198,891
4	4	Head & Shoulders Cond Lotion 15 oz	46,187	3.89	178,281
5	5	Flex Shampoo Oily 15 oz	60,740	1.86	113,583
6	—	Perma Soft Shampoo Regular 16 oz	36,445	2.95	107,512
7	9	Head & Shoulders Lotion 11 oz	29,714	3.15	93,599
8	—	Ivory Shampoo Normal 15 oz	45,303	2.04	93,324
9	—	Dimension Shmp Normal/Dry 11 oz	39,749	2.34	93,012
10	8	Flex Shampoo Dry/Damaged 15 oz	38,036	1.86	89,346
11	—	Head & Shoulders Lotion 7 oz	42,192	1.97	83,118
12	12	Head & Shoulders Cond Lotin 11 oz	26,003	3.15	81,649
13	—	Prell Shampoo Norm/Oily Liq 16 oz	26,645	3.05	81,267
14	11	Faberge Organic Shampoo 15 oz	62,062	1.22	76,360
15	—	Prell Shampoo Norm/Dry Liq 16 oz	23,359	3.05	76,777

(Continued on page 44)

New Items, Mfr. Promos Spur Gains

BY CHARLES BOWLUS
Vice President,
Boston Distributors

Health & beauty aids sales grew to $25 billion in 1984 with over $4 billion or 16% rung in discount stores.

PMA
PRODUCT MOVEMENT AUDIT

Increases were recorded in several categories with those witnessing major new introductions growing by the largest margins. The year saw a continuation of the trend toward group or event promotions by major manufacturers with supplemental marketing funds often available for retailers willing to tie into marketing plans with print ads and in-store displays.

Leading category growth at Boston for the third year in a row was ethnic hair products with a 32% gain over 1983.

Soft Sheen's Carefree Curl led the PMA by capturing 6 out of the top 15 slots, including the No. 1 and No. 2 positions. The 16-oz. size of moisturizer was Boston's No. 1 item overall, outselling Downy, Tide, Crest, Centrum, filler paper, etc., despite the fact that it is being carried by only 35% of our customers.

Soft Sheen's success has been due to the quality of the line, strong packaging and excellent marketing support.

More Winners

M & M Products scored three spots on the PMA with its Sof-N-Free Moisturizer coming from nowhere to No. 3, and the Sta Sof Fro Comb-Out landing two sizes in the top 15. As predicted, S-Curl Kit from Luster and Right-On Curl from Lustrasilk jumped onto the PMA this year for the first time.

Relaxers, which are beginning to make a comeback, were represented by Dark & Lovely (No. 5) and Gentle Treatment (No. 12).

The ethnic market remains wide open as retailers who buy right, sell key items at competitive retails, exercise intelligent shelf management programs and promote the strong items regularly are capturing the lion's share of the business.

Shelf management and promotion were also the keys to the success of the mousse segment of the hair care market. As expected this category led hair care growth, with L'Oreal's early gains overshadowed by Alberto's and Curtis's lower priced entries.

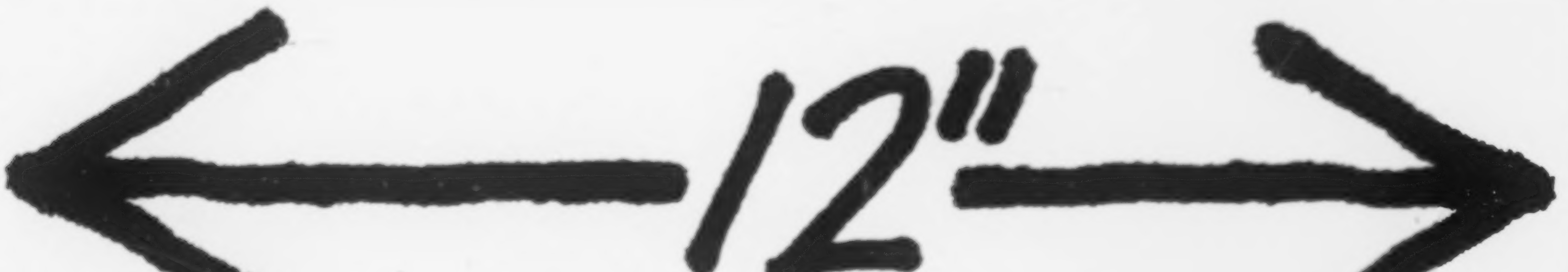
Faberge's recent release of Aqua Net at a still lower price point will do equally well, if not better, as price seems to be the primary consumer consideration in this tremendous growth area.

The shampoo and conditioner PMA welcomed two new entries in 1984 as Perma Soft from Style and Procter & Gamble's Ivory both enjoyed extremely successful launches.

Lever's Dimension scored an initial success and landed in the No. 9 spot on the shampoo PMA. Restaging and expansion of this brand is expected to give new life to its present sagging sales.

S. C. Johnson rejuvenated

(Continued on page 44)



TINACTIN® GIVES YOU MORE SHELF PROFITS PER FOOT

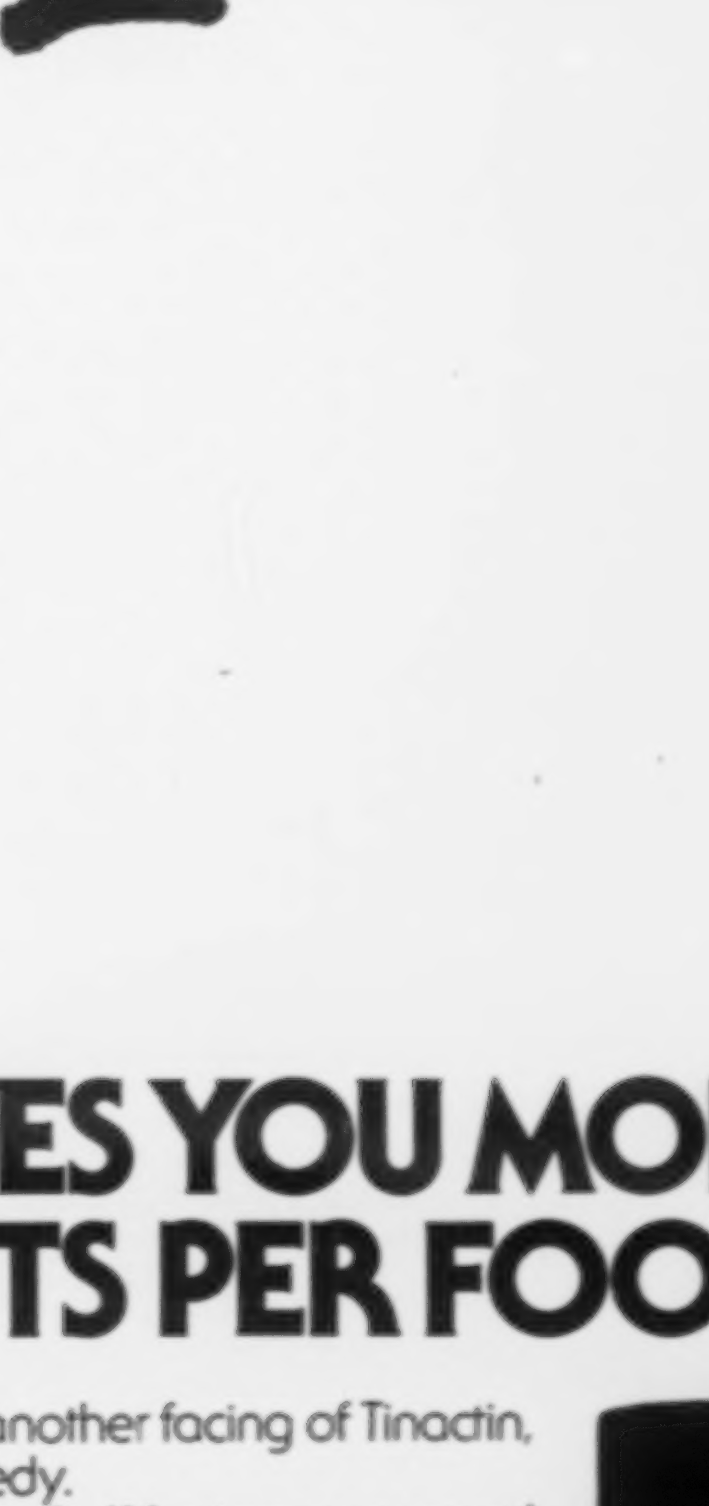
So, it only makes sense to add on another facing of Tinactin, America's top-selling Athlete's Foot remedy.

Tinactin gives you the high return on shelf footage you need to deliver healthy profits. In fact, compared to the next best-selling brand, Tinactin cream brings a 16% higher return for sales per point of distribution. And, there's more...

The whole Tinactin line grew by leaps and bounds in 1983. Tinactin grew an amazing 31%, in a category that grew 19%. And, Tinactin Aerosol Powder soared 46% in sales over 1982.

Adding more space for Tinactin today would be a giant step toward increased profits, tomorrow. Syndicated data on file

Schering © 1984 SCHERING CORPORATION 2070-2849


KILLS ATHLETE'S FOOT and JOCK ITCH FUNGI
Relieves burning and itching
Proven effective in clinical tests
Non-irritating, odorless, greaseless
Tinactin
ANTIFUNGAL CREAM
Tinactin
Antifungal Powder
AEROSOL
Kills JOCK ITCH and ATHLETE'S FOOT Fungi

HEALTH & BEAUTY AIDS

11th Annual PMA

NAIL ACCESSORIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Lee Nails 7050	5,322	5.86	31,186
2	Ultra Krazy Nails KW826	5,883	4.73	27,826
3	Krazy Nails Kit 81612	8,391	2.79	23,410
4	Lee Hi Fashion Nail Tip 7080	3,219	5.84	18,796
5	Mod Nails Regular White Pearl 3102	8,622	1.13	9,742
6	Krazy Nails Nail Glue 81836	7,759	1.24	9,621
7	Hard As Nails New Lengths 2235	2,088	3.55	7,412
8	Mod Nails Regular Frost Pink 3101	6,546	1.13	7,396
9	Sally Hansen Be-Long 2220	3,128	2.31	7,225
10	Mod Nails Slim Frost Pink 3104	5,640	1.13	6,373
11	Krazy Nails Nail Mender Kit 81724	3,198	1.76	5,628
12	Cover Girl Acrylic Nail Strengthener 5399	3,544	1.47	5,209
13	Mod Nail Tip Kit Regular 3121	1,974	2.57	5,073
14	Hazel Bishop Nail Hardner Clear 417	6,036	0.77	4,647
15	Hard As Nails Gel Cuticle Remover 2155	2,252	1.97	4,436

CREME RINSES & CONDITIONERS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Flex Balsam With Body 15 oz	80,903	1.86	150,479
2	Flex Balsam Regular 15 oz	61,274	1.86	113,357
3	Perma Soft Regular 16 oz	29,187	2.95	86,101
4	Flex Dry & Damaged 15 oz	33,319	1.86	62,306
5	Finesse Extra Body 11 oz	22,155	2.58	57,603
6	Ivory Normal 15 oz	28,007	2.04	57,134
7	Alberto Mousse Foam Xtra 6.3 oz	17,780	3.10	55,118
8	Finesse Regular 11 oz	18,444	2.58	47,585
9	Agree Regular 16 oz	17,369	2.63	45,680
10	Finesse Extra Body 15 oz	13,192	3.42	45,116
11	Suave Moist Conditioner X-Body 16 oz	31,159	1.44	44,868
12	Alberto Mousse Foam Normal 6.3 oz	14,368	3.10	44,253
13	Flex Conditioner Oily 15 oz	23,476	1.86	42,256
14	Faberge Organic Conditioner 15 oz	31,372	1.22	38,273
15	Vidal Sassoon Mousse X-Hold 6 oz	12,846	2.95	37,895

SUNTAN PRODUCTS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Coppertone Lotion 8 oz	6,288	4.64	29,176
2	QT Lotion 4 oz	6,024	4.11	24,758
3	Sundown Ultra 4 oz SPF15	4,140	5.28	21,859
4	Coppertone Lotion 4 oz	6,156	3.12	19,206
5	Hawaiian Tropic Dark Tan Lotion 8 oz	4,656	4.07	18,949
6	Hawaiian Tropic Dark Tan Oil 8 oz	4,632	4.07	18,805
7	Sundown Extra 4 oz SPF6	3,852	4.62	17,796
8	Sundown Maximal 4 oz SPF8	3,456	5.08	17,556
9	Coppertone Oil 4 oz	5,604	3.12	17,484
10	Solarcaine Aerosol 3 oz	4,807	3.26	15,670
11	Coppertone Shade 4 oz	3,972	3.71	14,736
12	Coppertone Oil 8 oz	3,048	4.63	14,098
13	Coppertone Super Shade	2,784	4.91	13,680
14	Ban deSoleil Deluxe Oil #954	2,388	4.83	11,541
15	Sea & Ski Aloe Vera 4 oz	2,514	3.21	8,069

DEODORANTS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Right Guard Deodorant 10 oz	67,136	3.26	218,863
2	Sure Deodorant Regular 6 oz	50,594	3.11	157,347
3	Secret Solid AP Regular 2 oz	56,088	2.35	131,806
4	Ban Roll On Deodorant Regular 1.5 oz	69,830	1.78	124,297
5	Ban Roll On Deodorant Regular 2.5 oz	38,557	2.82	108,730
6	Secret Roll On Regular 2.25 oz	39,441	2.71	106,885
7	Mennen Speed Stick Regular 2.5 oz	48,190	2.04	98,307
8	Sure Solid Regular 3 oz	28,190	3.28	92,463
9	Sure Deodorant Unscented 6 oz	29,419	3.11	91,493
10	Old Spice Regular Stick Ddrnt 2.5 oz	49,336	1.65	81,404
11	Sure Deodorant 4 oz	35,860	2.25	80,685
12	Secret Roll On Regular 1.25 oz	42,101	1.87	78,728
13	Sure Solid AP Regular 2 oz	33,034	2,38	78,620
14	Sure Roll On Deodorant 2.25 oz.	28,747	2.72	78,191
15	Dry Idea Roll On Deodorant 2.5 oz	25,374	3.05	77,390

Source: Boston Distributors, Maple Heights, Ohio, for calendar 1984. Boston supplies over 750 stores, including about 400 discount stores, in 18 states. Average retail prices listed by the distributor reflect typical price points for discount stores.

New Items

(Continued from page 42)

its Agree brand by pumping millions into radio advertising and deal allowances to make it affordable to the young teens who helped Agree back into the PMA after a three-year absence.

Flex continued to lead both PMA's with stronger than ever promotional programs.

Head & Shoulders remained the top shampoo brand overall as Procter is devoting more dollars to its promotional support. Nineteen eighty-five will see additional major introductions with P & G's Lilt, a sure PMA finalist due to its strong marketing and advertising plan.

The hair spray category failed to demonstrate growth in 1984 as several brand introductions failed to spur increases or even shake up the PMA.

Mink Difference, Sassoon, Finesse and Jhirmack did not make an impact on the category at Boston as the old standbys continued to dominate the list.

The biggest surprise in this year's audit is the deodorant PMA as aerosol, the declining segment of the category, captured the first two positions (Right Guard, 10-oz., No. 1 and Sure, 6-oz., No. 2).

The reason for the jump was not so much the aerosol brands' strength as it was the further fragmentation of the solid segment. Secret Solid, 2-oz., last year's top sku, slipped to No. 3 due to the addition of its 3-oz. size.

More Winners

Actifed proved to be the big success story in the cough and cold category by jumping up to the No. 3 spot, outsold only by Nyquil, 6-oz. and 10-oz. Actifed, 1983's No. 1 prescribed cold remedy, outscored Contac, Drixoral and its sister brand at Burrough's Wellcome, Sudafed, in its first full year as an over-the-counter (OTC) product.

Analgesics were again led by Tylenol Extra Strength in the 60-count bottle.

Whitehall's Advil and Bristol-Myer's Nuprin enjoyed successful launches in 1984 with Advil outscoring the Bristol entry in the ibuprofen segment of the category.

Procter fared much better in the sanitary protection category as its Always brand captured the No. 6 and No. 9 positions on this PMA.

Tampax and Stayfree continued to score all put-ups of their large sizes on the top 15 listing. Tambrand's efforts in the external protection segment are not proving fruitful, however, as its Maxi-Thin line fell off sharply.

Who can complain about toothpaste?

The competition in this category has intensified to the degree that even the lowest priced retailers can make a profit in the category as promotional allowances have gotten better and better.

In 1983 the battle became hotter than ever before as gels came out, supported by marketing plans in excess of $100 million from both Colgate and P & G.

Now, 1985 is the year of the pump as Check Up and Colgate will be joined by Crest, Aim and Aqua Fresh.

Superior design of today's pumps and the tremendous outlay of TV dollars should make this form the preferred dispenser of toothpaste by 1987.

Retailers: There's a big something extra in our number-one promotion for summer

Your customers get free gasoline from us when they buy SHELL FIRE & ICE® from you

Schedule this promotion for any 30 days from May 1 to August 31. Then go for it. This terrific new promotion has lots of appeal.

Yes, free gasoline *or* free motor oil, whichever your customer chooses. Watch customers come running in when they hear about our newest offer: *free gasoline*. We also make a strong optional offer (for people who live in areas where Shell gasoline is not available): free motor oil. The customer makes his choice of offers when he sends us the P.O.S. certificate.

And all *you* have to choose is whether you want to go with the $2 or the $4 offer—which will your customers like best?

$2 worth of Shell gasoline or Shell Motor Oil *free* with purchase of 5 quarts of Shell Motor Oil

or

$4 worth of Shell gasoline or Shell Motor Oil *free* with purchase of 12 quarts of Shell Motor Oil

Where do your customers get their free gasoline? At any participating Shell stations when they redeem their gasoline coupons.

Here's what we offer you to make this a hot summer promotion:
- $1/case allowance on products you purchase and advertise
- $2/case allowance on all products bought during the promotion
- An additional $1/case Grand Opening allowance
- Plus ad slicks, radio copy, shelf talkers, rebate coupons

Call your Shell Representative now to order:
New York: Jimmy Jones, (201) 325-5497
Chicago: Tom Walsh, (312) 887-5775
Detroit: Larry Polich, (313) 855-9000
Los Angeles: Nancy Curry, (714) 991-9200

Shell

Shell
FIRE
&ICE

TOYS

11th Annual PMA

'85 to Ride On Hot '84 Coattails

By JEFFREY C. KASCH
President,
M. W. Kasch Company

This year will be terrific for toys but it's hard to measure its success against last year.

PMA PRODUCT MOVEMENT AUDIT

Stimulated by strong line extensions and the maturing of reigning superstar licenses—Cabbage Patch, Masters of the Universe, Transformers and GoBots—total toy volume should eclipse 1984's record sales level.

But, despite an optimistic sales outlook, there will be a void in the market this year and that is—a discernible lack of exciting new product categories.

I think the industry, as a whole, will be riding on last year's innovative coattails. Last year was incredible. We saw the emergence of Transformers and GoBots. The trivia segment, although introduced a year earlier, exploded in '84. These toys created entirely new toy categories—robotics and trivia. Plus, it was all gravy.

I didn't see any new product introductions at Toy Fair that will make a similar impact on the market for this coming year. In addition to a general new product dearth, I think chain buyers will be a little more conservative in their commitments to manufacturers this year, especially for next December.

Although we had a terrific 11 months last year, December was disappointing and many retailers came out of Christmas with very heavy inventories. In fact, several of our accounts are first exercising their open-to-buys right now.

For 1985, we should see pretty much of a repeat performance by the same heavy hitters.

I know people have been saying Cabbage Patch will finally slow down this year and fall on its face but I'm not ready to put it to bed just yet. I think demand might slacken a bit so maybe we'll see them on shelves for at least 24 hours this year.

Despite the high price points for Coleco's Cabbage Patch Twins' introduction, I'm sure it will sell well. The supply will be limited and I think Cabbage Patch has already proved the fallacy of the consumer price resistance theory.

The same scenario appears to hold for Selchow & Righter's Trivial Pursuit. First, people thought its high price points would be a deterrent, but that proved to be a joke. I think they sold over 20 million units last year; it was our No. 1 item.

Although it will slow down a degree this year, I think a lot of retailers are writing it off too soon. Chains are expecting 20% of last year's performance but it's been running about 50% at this time. Selchow & Righter has also introduced Genus II and a young player's edition.

In action figures, Masters of the Universe has matured nicely and it will again be among the toy leaders in 1985. Mattel has also introduced She-Ra, the princess of power, aimed exclusively at the girls' market. I think we'll finally find out if girls really go for this type of product. There's never been a really good action figure for girls before.

As for other new toy debuts, I think Voltran by Matchbox and LJN will surprise a lot of people. In addition to She-Ra, Golden Girl by Galoob will also make a strong play for the girls' action segment.

Many retailers are pegging Wuzzles by Hasbro Bradley and Hugga Bunch by Kenner as potential hits but I think a number of questions will have to be answered first. In the case of Hugga Bunch, Kenner's track record makes any type of delivery questionable.

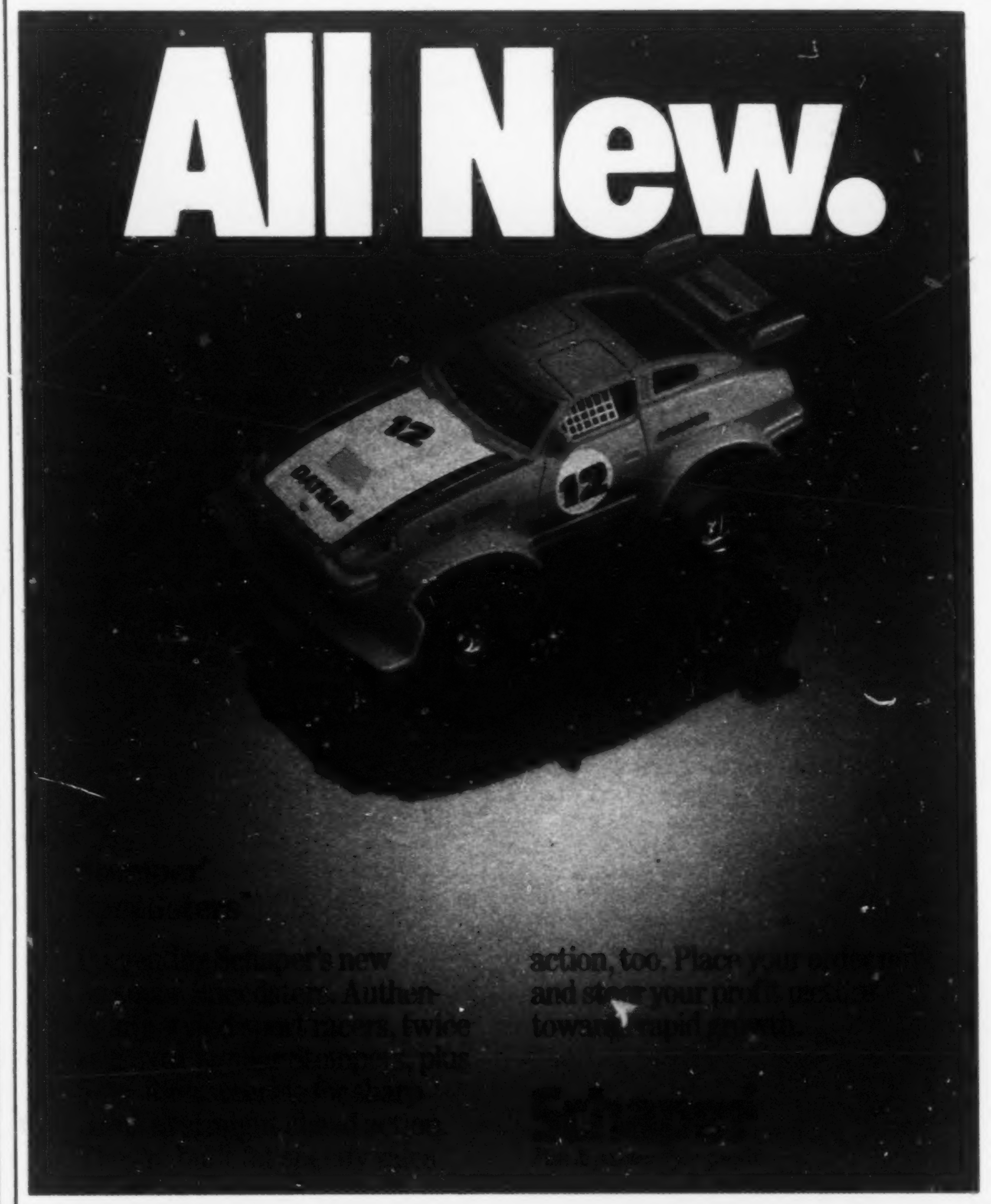
Other problems including delivery, in general, and a possible oversaturation of licensed goods will always be prevalent but I think the industry is learning to deal with them.

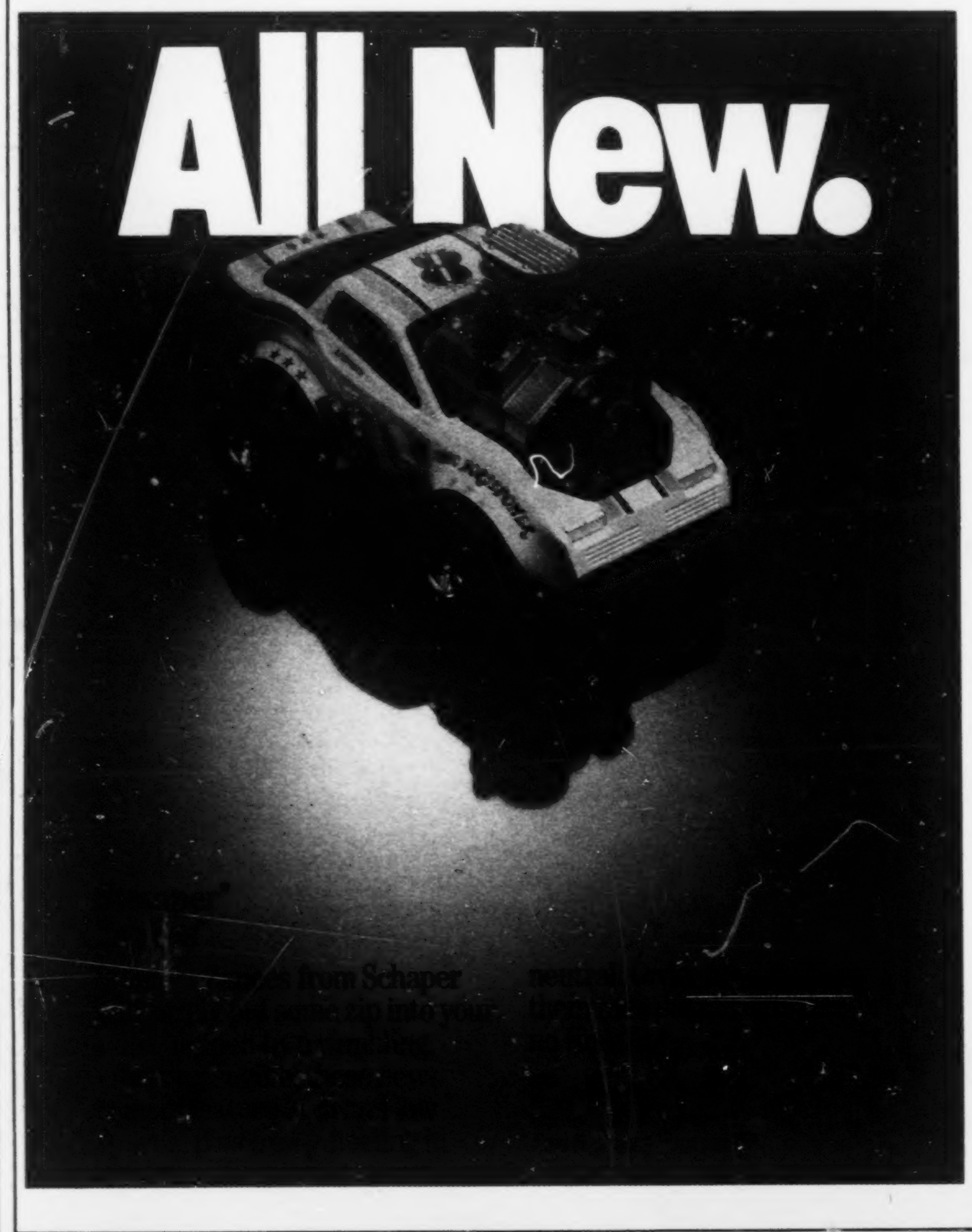
There will always be someone—be it retailers, wholesalers, manufacturers or consumers—that will not be happy with delivery.

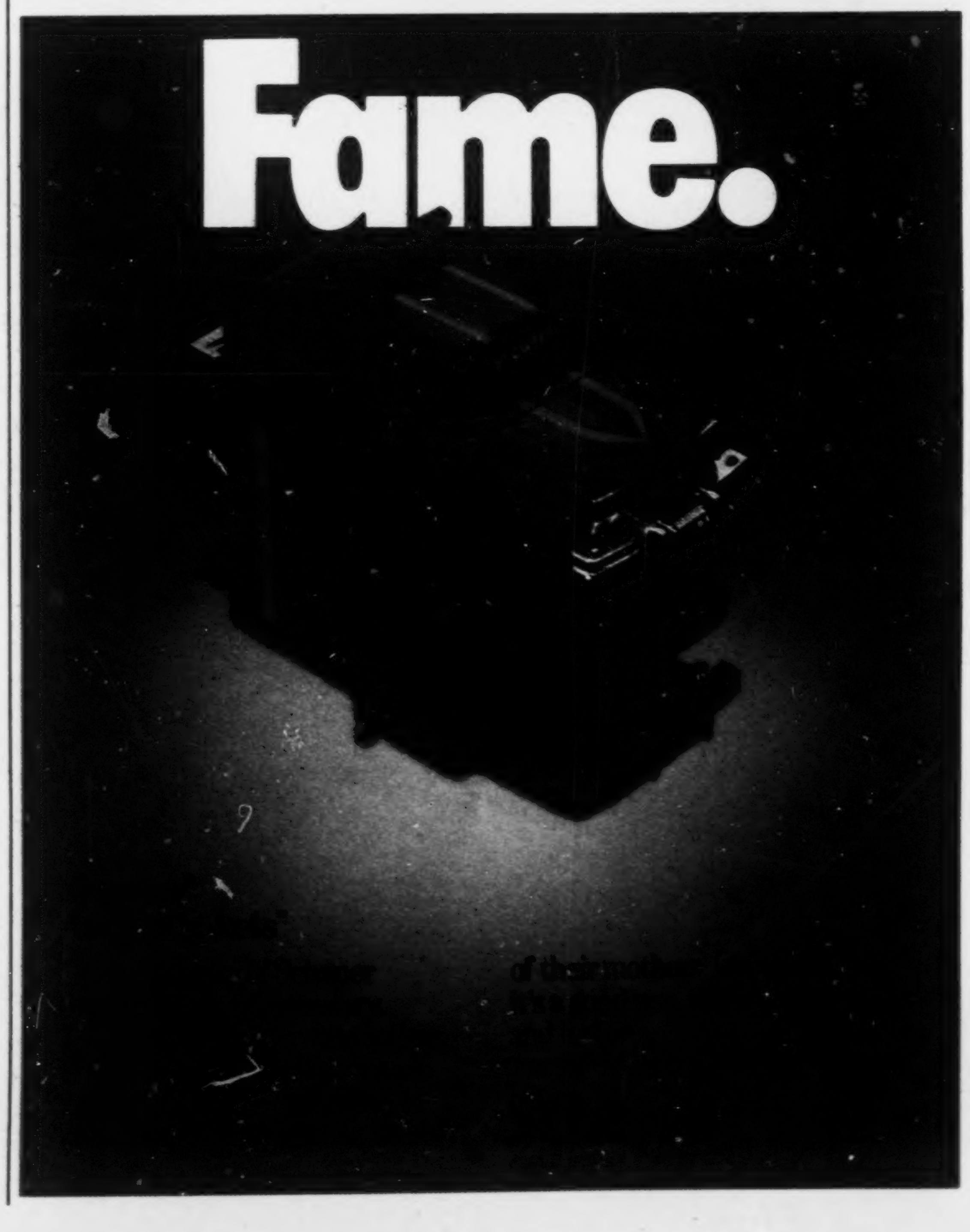
As for over-licensing, we've all discovered that despite the endless hype, the consumer will ultimately create the hot license. A license does not make a bad toy good.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	TOYS			
1	Selchow & Righter Trivial Pursuit Genus Edtn	360,000	24.99	8,996,400
2	Selchow & Righter Trivial Pursuit Baby Bmr	240,000	19.99	4,797,600
3	Blue Box Flower Kids Doll	200,000	12.99	2,598,000
4	Hasbro G.I. Joe Figure Asst	300,000	3.49	1,047,000
5	Mattel Masters of the Universe Asst. 1	200,000	4.99	998,000
6	Coleco Cabbage Patch Kids 16"	32,000	29.99	959,680
7	Selchow & Righter Trvl Prst All Star Sprts	48,000	19.99	959,520
8	Hasbro My Little Pony Asst	180,000	4.99	898,200
9	Kenner Return of the Jedi Star Wars Figs	225,000	3.99	897,750
10	Select M Mini Bot Convertors	240,000	3.49	837,600
11	Selchow & Righter Silver Screen	38,000	19.99	759,620
12	Blue Box Newborn Flower Kids	72,000	9.99	719,280
13	Coleco Cabbage Patch Outfits Asst	65,000	10.99	714,350
14	Village Toy Ice Cream Doll 26"	30,000	19.99	599,700
15	Aviva Cabbage Patch Bank	75,000	6.99	524,250
16	Spindex Cabbage Patch Poseable Figs	90,000	5.49	494,100
17	Mattel Masters Snake Mountain	12,000	39.99	479,880
18	Coleco Cabbage Patch Preemie	15,000	29.99	449,850
19	Mattel Castle Gray Skull	15,000	29.99	449,850
20	Hasbro Transformers Autobot	50,000	8.99	449,500
21	Kenner Super Pwrs Actn Figures	100,000	4.49	449,000
22	Kenner Care Bears Plush 13"	24,000	17.99	431,760
23	Hasbro Gloworm	36,000	11.99	431,640
24	Mattel Rainbow Brite Doll 18"	17,000	24.99	424,830
25	Ideal Roboforce Figures	70,000	5.99	419,300
26	Kenner Care Bears Poseable	92,000	4.49	413,080
27	Eagle Rubber Glo Ball 9 in	300,000	1.29	387,000
28	Kenner Miniature Care Bears	125,000	2.99	373,750
29	Cricket Deluxe Message Bear 15"	32,000	10.99	351,680
30	Aviva My Little Pony	35,000	9.99	349,650
31	Galoob A-Team Figure Asst	65,000	4.99	324,350
32	Mattel Masters Dragon Walker	18,000	17.99	323,820
33	Select M Maladroid Enemy	72,000	4.49	323,280
34	Mattel Crystal Barbie	24,000	12.99	311,760
35	LJN Toys Cabbage Patch Hsptl Playset	12,000	24.99	299,880
36	Fisher-Price Play Family Zoo	12,000	24.99	299,880
37	Aviva Gizmo	20,000	14.99	299,800
38	Tomy Corp Get-Along-Gang Plush	17,000	16.99	288,830
39	Mattel Rainbow Brite Doll 9"	26,000	10.99	285,740
40	Ideal Kitt & Kaboodle Doll	9,000	29.99	269,910
41	Select M Defenders Good Guys	60,000	4.49	269,400
42	Coleco Preemies Outfits	24,000	10.99	263,760
43	Tomy Corp Starriors Protectors	52,000	4.99	259,480
44	Tomy Corp Starriors Destructors	52,000	4.99	259,480
45	Coleco Cabbage Patch Dress	18,000	13.99	251,820
46	Soma Fantasy Figure 6"	63,000	3.99	251,370
47	Cadaco Bible Trivia Game	12,500	19.99	249,875
48	Schaper Stomper Water Demons	27,000	8.99	242,730
49	Fisher-Price Camera	8,000	29.99	239,920
50	Trivia Inc TV Guide Trivia Game	12,000	19.99	239,880
51	Parker People Magazine Trivia Game	12,000	19.99	239,880
52	Ideal Dressable Chipmunks	20,000	11.99	239,800
53	Lanard B/O King Kong 4x4x6	18,000	12.99	233,820
54	Child Guidance Electronic Talk/Play	4,100	54.99	225,459
55	Fisher-Price Tape Recorder	5,000	44.99	224,950
56	Blue Box Flower Kids 27"	9,000	24.99	224,910
57	Ideal High Riser 6x6	20,000	10.99	219,800
58	Fisher-Price Sky Talker	7,500	27.99	209,925
59	Tomy Corp Dream Dancer Doll	14,000	14.99	209,860
60	LJN Toys Michael Jackson Doll	21,000	9.99	209,790
61	Galoob Blackstar Figures	42,000	4.99	209,580
62	Ideal Solid Gold Music Trivia	11,000	18.99	208,890
63	Hasbro Globug	16,000	12.99	207,840
64	Totsy Garden Patch Clothes	58,000	3.49	202,420
65	Bontempi B/O Reed Organ	10,000	19.99	199,999
66	Koki Inc. Wet Banana Water Slide	10,000	19.99	199,900
67	Tomy Corp Tutor Play Computer	11,000	17.99	197,890
68	Ohio Art Dr J Lil Sport	11,000	17.99	197,890
69	Mattel Great Shape Barbie	23,000	8.49	195,270
70	Takara Robot Time Machine	13,000	14.99	194,870
71	Mattel Rainbow Brite Boy Sprites Asst	13,000	14.99	194,870
72	Playskool Big Foot	12,000	15.99	191,880
73	Kenner Care Bears Plush 6"	16,000	11.99	191,840
74	Hasbro My Little Pony—Pony Wear	63,000	2.99	188,370
75	Schaper Stomper II Authentic 4x4	23,000	7.99	183,770
76	Hasbro My Little Pony Pretty Parlor	12,000	14.99	179,880
77	Hasbro My Little Pony Rainbow Asst	30,000	5.99	179,700
78	Kenner Knight Rider Voice Car	5,000	34.99	174,950
79	Hasbro G.I. Joe Zartan Swamp Skier	25,000	6.99	174,750
80	Ideal Scrub-A-Dub Doggie	13,000	12.99	168,870
81	Ideal Manglors 'N' Eggs	26,000	6.49	168,740
82	Mattel Rainbow Brite Asst	14,000	11.99	167,860
83	Hasbro Transformers Mini Autobots	48,000	3.49	167,520
84	Totsy Garden Patch Knits	37,000	4.49	166,130
85	Hasbro Transformers Deceptn Communictr	9,000	17.99	161,910
86	Mattel Rainbow Brite Starlt Horse	9,000	17.99	161,910
87	Hasbro Mickey Mouse Phone	8,000	19.99	159,920
88	Mattel Masters Attack Track	10,000	15.99	159,900
89	LJN Toys Water Divers Rough Riders	20,000	7.99	159,800
90	Kenner Play-Doh 4-Pack	63,000	2.49	156,870
91	Parker Monopoly	13,000	11.99	155,870
92	Ohio Art Etch-A-Sketch	14,000	10.99	153,860
93	Select M Spies Convertors	44,000	3.49	153,560
94	Mattel Masters Road Ripper	17,000	8.99	152,830
95	Tomy Corp Get-Along-Gang Dress-Up Kids	17,000	8.99	152,830
96	Fisher-Price Rocking Puppy	8,000	18.99	151,920
97	Coleco Cabbage Patch Koosas	5,000	29.99	149,950
98	Hasbro Transformers Deceptn Robot Gun	6,000	24.99	149,940
99	Selchow & Righter Scrabble	15,000	9.99	149,850
100	Kenner Rose Petal Doll Asst 7"	15,000	9.99	149,850

Source: M. W. Kasch Company, Mequon, Wis., for calendar 1984, covering 1,700 stores in 12 Midwestern states. Average retail prices reflect typical price points for discount chains.







SPORTING GOODS

11th Annual PMA

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	ATHLETIC			
1	Insulated Camo Sweatshirt 1010	4,800	19.99	95,952
2	Tonka Toaster SSL55	10,000	6.99	69,900
3	Shooters Muffs RBW71	7,200	8.99	64,728
4	Boat/Stadium Seat 101	4,800	11.99	57,522
5	Camo T-Shirt w/Pocket 12	9,600	5.99	57,504
6	Camo Hunting Vest 31670	6,200	8.99	55,738
7	Hunters Hot Seat 89F	11,000	4.99	54,890
8	Swivel Hunting Seat 5100	2,400	21.99	52,776
9	Deluxe Fishing Chair WD400	1,200	38.99	46,788
10	Brinkman Smoker 815-3050	900	44.99	40,491
11	Bracken Buck Lure 200	12,000	2.99	35,880
12	2 Gun Plastic Gun Rack 100	5,000	6.99	34,950
13	Sterno 2PK Fuel 4040	9,600	3.39	32,544
14	Camo Mesh Hunting Cap 100	12,000	2.69	32,280
15	Buck Horn Mount Kit 59	2,400	12.99	31,176
	FIREARMS			
1	Winchester 12ga Pump Shotgun G120385R	6,320	149.99	947,937
2	Winchester 12ga Semi Auto Shotgun G14185R	3,730	249.99	932,463
3	Winchester Lever Action Rifle G9412E	4,400	179.99	791,956
4	Ruger 22cal Auto Carbine 10-22/RB	5,700	115.99	661,143
5	Remington 12ga Semi Auto Shotgun 5336	1,393	399.99	557,186
6	Marlin Lever Action Rifle 336CS	2,120	216.99	460,019
7	H&R Single Shot Shotgun 088	7,425	59.99	445,426
8	Ruger Mini 14/5R Rifle MINI 14/5R	1,480	249.99	369,985
9	Remington Pump Shotgun 5534	1,720	199.99	343,982
10	Marlin Semi Auto Rifle 60S	2,380	89.99	214,176

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	FISHING			
1	Keeper Bait Fish Formula FF	125,000	7.99	998,750
2	Zebco Spincast Kit 1545	37,050	15.99	592,429
3	Berkley Lightning Rods LR	12,685	45.99	583,383
4	Zebco Spincast Kit 1245	42,000	11.99	503,580
5	Shakespeare Ugly Sticks SC/SP	13,600	34.99	475,864
6	Garcia Spincast Kit 240/2255Z	21,360	19.99	426,986
7	Garcia Spinning Kit 43/2250Z	19,200	19.99	383,808
8	Zebco Spincast Reel 33CP	26,400	13.99	369,336
9	South Bend Spinning Kit C305/0312	28,300	9.99	282,717
10	Ryobi Baitcast Reel VMAG3	9,600	24.99	239,904
11	Garcia Spin Reel 653	12,200	17.99	219,478
12	South Bend Spincast Kit C105/0112	20,450	9.99	204,296
13	Daiwa Spin Reel AS1350BP	14,500	13.99	202,855
14	Plano Tackle Box 6303	13,440	13.99	188,026
15	South Bend Boron Plus Rods 9000	4,350	39.99	173,956
16	Fairfield Tckl Box w/Asst Lures TBP-1	21,640	7.99	172,903
17	Ryobi Spin Reel VRSX2	9,800	13.99	137,102
18	Daiwa Mini Cast System MC238	4,820	25.99	125,272
19	Daiwa Spincast Combo AC80/231	4,480	17.99	80,595
20	Vichek Tackle Box 1299	7,980	8.99	71,740

Source: Maurice Sporting Goods, Chicago, for calendar 1984. Maurice distributes to 31,000 stores, 72% of them discount stores, in 36 states. Prices reflect average price points of discount clients.

Fishing Gear Sales Seen On Upswing

By FRANK KATLIN
Executive Vice President, Maurice Sporting Goods

PMA
PRODUCT MOVEMENT AUDIT

Fishing gear and exercise equipment, the backbone of many discounters' sporting goods departments, will again lead the way in 1985 with marine and camping products also expected to make significant strides.

Fishing equipment, particularly rods, reels and tackle, enjoyed a strong Christmas sell-through and if the weather holds up (February and March have been excellent) we should see a 15%-20% sales increase for the category.

A host of new product introductions including Shakespeare's Liberty graphite rods, fishing locators by Hummingbird and computerized reels by Daiwa should also help stimulate sales.

On the other hand, exercise equipment, although still an important segment in sporting goods, has begun to seek its own level. The health and fitness craze is still booming but the skyrocketing sales of the past two years, especially for exercise bicycles and home gym units, have tailed off. In fact, many mass retailers were heavily overinventoried in this category coming out of the Christmas selling season.

Area of Reliance

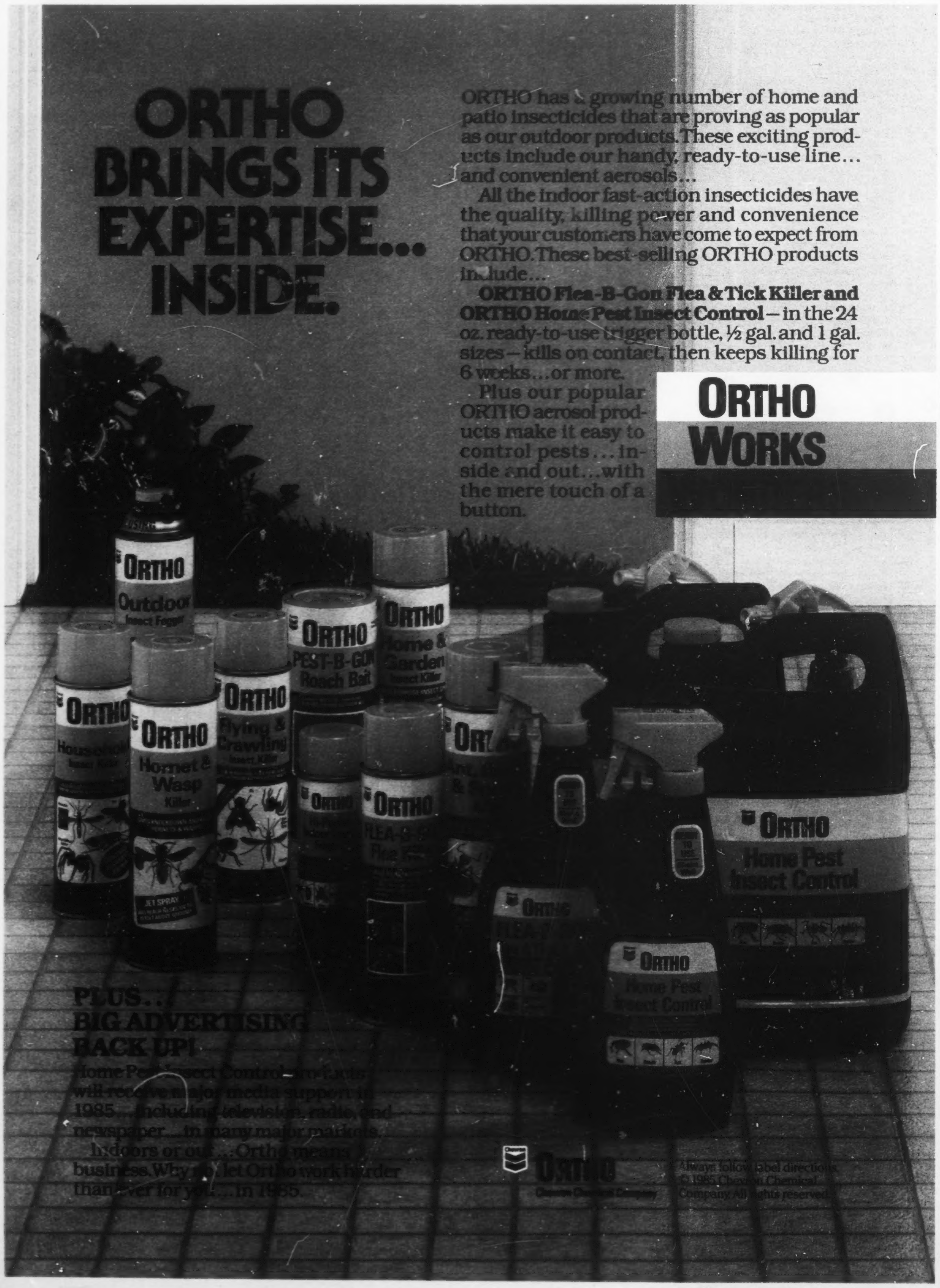
Best-sellers in home gym units will remain DP's Gympac and Ajay's OctaGym but price points have dropped considerably—because of increased competition and a recent flooding of the market—from well over $200 to as low as $120, on promotion. Bikes, which had been selling around the magic price point of $100 just a year ago, can now be found on promotion for as little as $29.99.

Over the last two years, marine products have been coming on very strongly and I see the trend continuing, especially in the Southeast and Southwest regions. All kinds of boating accessories have been experiencing strong sales including hitches, lights and paints, not just the more promotional life preservers.

Just about two years ago, these products could only be purchased at marina dealers, but recently chains like Wal-Mart, T.G. & Y. and Howard Stores have all embraced the category. It only requires an 8- to 12-ft. run.

Some of the best-sellers in the area will be Shakespeare's trolling motors, which range from $59 to $99, and boat seats by K&R Industries, which retail for about $24.99.

Another segment that has recently taken off again is camping. It tends to run hot and cold and apparently it's back in style. Tents by Coleman and other manufacturers are expected to enjoy a strong comeback this year.



ORTHO BRINGS ITS EXPERTISE... INSIDE.

ORTHO has a growing number of home and patio insecticides that are proving as popular as our outdoor products. These exciting products include our handy, ready-to-use line... and convenient aerosols...

All the indoor fast-action insecticides have the quality, killing power and convenience that your customers have come to expect from ORTHO. These best-selling ORTHO products include...

ORTHO Flea-B-Gon Flea & Tick Killer and ORTHO Home Pest Insect Control – in the 24 oz. ready-to-use trigger bottle, ½ gal. and 1 gal. sizes – kills on contact, then keeps killing for 6 weeks...or more.

Plus our popular ORTHO aerosol products make it easy to control pests... inside and out...with the mere touch of a button.

ORTHO WORKS

PLUS...! BIG ADVERTISING BACK UP!

Home Pest Insect Control products will receive major media support in 1985...including television, radio, and newspaper...in many major markets.

Indoors or out...Ortho means business. Why not let Ortho work harder than ever for you...in 1985.

ORTHO
Chevron Chemical Company

Always follow label directions.
© 1985 Chevron Chemical Company. All rights reserved.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	RUBBERMAID			
1	Roughneck 2894-C 32-gal round choc can	7,607	22.49	171,081.43
2	Rect laundry basket choc 2965-C	14,592	6.02	87,843.84
3	Rect laundry basket almd 2965-AL	14,268	6.02	85,893.36
4	Drawer organizer 2915-AL 9 x 3 in almd	75,721	1.07	81,021.47
5	Twin turntable almd 2937-AL	16,063	5.03	80,796.89
6	Single turntable almd 2935-AL	27,181	2.96	80,455.76
7	Roughneck refuse 32-gal gray 2894-GB	3,303	22.49	74,284.47
8	Large rect wastebasket choc 2846-C	11,528	6.29	72,511.13
9	Deluxe dish drain wire almd 6032-AL	10,167	7.10	72,185.70
10	Drain tray 15x20 almd 1181-AL	14,648	4.85	71,042.80
11	Step-on wastebasket choc 2858-C	4,754	14.39	68,410.06
12	Small rect wastebasket choc 2845-C	13,210	5.12	67,635.20
13	Drawer organizer 9x6 almd 2916-AL	50,181	1.34	67,242.54
14	Drawer organizer 15x6 almd 2918-AL	35,190	1.88	66,157.20
15	Step-on wastebskt almd 2858-AL	4,584	14.39	65,963.76
	COOKWARE			
1	Wear-Ever Pref 26030 Silv 10-in chef fry pan	10,233	13.49	138,043.17
2	G/H 0707 "Granite" 21-qt canner w/rack	4,378	19.34	86,670.52
3	Wear-Ever Pref 26032 Silv 12-in chef fry pan	4,803	16.19	77,760.57
4	Ekco 64110 B/S lg cookie sheet 17 x 11	17,600	4.40	77,440.00
5	Wear-Ever Pref 26028 Silv 8-in chef fry pan	6,338	11.69	74,091.22
6	Ekco 64100 B/S med cookie sheet 15 x 10	15,782	3.95	62,338.90
7	Foley 397-79 pc Silv ckwr set	1,721	35.99	61,938.79
8	Nordic 51199 12c formed bundt asst	6,090	8.81	53,652.90
9	Wear-Ever Pref 26014 Silv sq griddle	3,342	15.29	51,099.18
10	Ekco 64330 B/S oblong util pan 13 x 9	12,396	3.95	48,964.20
11	Wear-Ever Prem 46030 Silv 10-in chef fry pan	2,912	14.39	41,903.68
12	Ekco 64200 B/S 12 cup muffin pan	8,661	4.76	41,226.36
13	Wear-Ever Prem 46032 Silv 12-in chef fry pan	2,166	18.89	40,915.74
14	Lodge 7SK2 cast iron skillet 10-in	5,314	7.19	38,207.66
15	Lodge 10SK2T cast iron skillet 12-in	2,745	12.86	35,300.70
	PLASTICS			
1	E/I spray bottle pint all purp 1048	39,768	1.43	56,868.24
2	Loma 364 32-gal garbage can green	5,271	10.79	56,874.09
3	Jm Kool-Aid jug 65044 w/tap w/display	9,077	5.39	48,925.03
4	Superseal 2757 2-qt decanter clear	19,264	1.97	37,950.08
5	Freezette 156 uprite set (3) 1 qt	10,681	2.96	31,615.76
6	Freezette 154 uprite set (5) 1 pt	10,495	2.96	31,065.20
7	Aurora A-175/6 plstc cttng brd 9x15 in	4,284	7.19	30,801.96
8	E/I 1024 spray bottle qt all purp	15,956	1.79	28,561.24
9	Contico 3622-BB decorator spray bottle qt	9,768	2.69	26,275.92
10	Freezette 155 uprite (4) 1.5 pt	8,730	2.96	25,840.80

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	MICROWAVE			
1	Nordic Micro-go-round 62304	2,533	50.39	127,637.87
2	Anchor PM469TI bacon rack 12 x 10-in	8,972	7.01	62,893.72
3	Rubbermaid 8534 8-pc set deluxe	1,044	41.39	43,211.16
4	Anchor PA600112 springpower trntbl	1,198	35.99	43,116.02
5	Anchor PM400126 popper/steamer/roaster	3,185	12.86	40,959.10
6	Corning MW-116 set	1,063	38.24	40,649.12
7	Nordic 63204 bacon/meat/rack	4,773	8.09	38,613.57
8	Corning MW-2 browning grill	1,109	34.19	37,916.71
9	Microette plate cover clear 486	5,642	6.02	33,964.84
10	Corning MW-11 little sizzler grill	1,557	21.59	33,615.63
11	Corning P240BPS grab-a-meal blk pck	3,816	8.55	32,626.80
12	Microette corn popper 3.5 qt 499	4,332	7.19	31,147.08
13	Corning grab-it (1) P150BPS	5,087	6.08	30,928.96
14	Anchor PM481TI vers pan w/div cov 1-qt	4,363	7.01	30,584.63
15	Corning MC-6 divided dish	1,417	20.24	28,680.08
	GLASSWARE			
1	Libbey 515 4pk wine Citation tall-6 oz	5,130	7.46	38,269.80
2	Riley 189T102 1-gal Sun Tea w/tap	6,953	5.21	36,225.13
3	Riley 189N102 1-gal Sun Tea jar	12,733	2.69	34,251.77
4	Anchor 3309-G 70-oz pumpkin jar	3,599	9.44	33,974.56
5	I/G 2410 cryst egg/relish tray 11 in	4,051	8.09	32,772.59
6	Libbey 519 4pk goblet Citation cryst	3,908	7.46	29,153.68
7	Libbey 108 24-pc set Bolero tawny	1,753	16.19	28,381.07
8	I/G 3678 cryst 5 part rect relish tray	3,272	8.63	28,237.36
9	Libbey 106 24-pc set Bolero blue	1,735	16.19	28,089.65
10	Anchor 300279A 18-pc Alngtn pnch bwl	1,727	15.29	26,405.83
11	Anchor 274M 1-gal sq met screwtop jar	5,534	4.67	25,843.78
12	G/H 15401 16-oz drinking jar w/handle	20,513	1.25	25,641.25
13	Libbey 107 24-pc set Bolero gold	1,532	16.19	24,803.08
14	Libbey 860 bulk tulip 9-oz champange	8,456	2.69	22,746.64
15	Libbey 858 bulk cryst/panl ir/cof mug	7,797	2.87	22,377.39
	CLEANING/CHEMICALS			
1	Willert 412GT T-bowl fresh deod tree	78,685	0.62	48,784.70
2	Lola 137-72 Exten-a-puff 6-ft pole	6,103	7.19	43,880.57
3	Nat c/broom 900 (20%) economy-4 sew	9,290	4.49	41,712.10
4	Ideal N-1212 squeegee 24-in wood handle	14,803	2.24	33,158.72
5	Lola 137-73 exten-a-sqgee 6-ft pole	4,369	7.19	31,413.11
6	Quickie 805-6 100% c/broom w/hook	4,809	5.66	27,218.94
7	Quickie 045 auto sponge mop	3,347	7.64	25,571.08
8	Roll-o-matic 1185 sponge mop	2,270	10.79	24,493.30
9	Quickie 044 handy squeeze mop	3,660	6.11	22,362.60
10	Vac bag T-16F&G Eureka uprights (2)	24,360	0.90	21,924.00

(Continued on page 52)

Smaller Biz Gain Eyed For 1985

By **JERRY FALK**
Executive Vice President,
Bacar Inc.

Discounters in our five-state western market have only fair optimism for 1985, projecting housewares sales to slow down compared with last year's overall 10%-plus gains.

Unlike 1984, when they rode the crest of significant popularity gains in closet, microwave cookware and vacuumware categories, discounters are making less heady projections.

What humbled them was the unusually promotional Christmas season, in which chains escalated ads on virtually all housewares categories to attract business they feared might never materialize. Shoppers came, but late in the year, producing anxieties and tempering discounters' enthusiasm about their ability to generate improved levels of everyday sales in 1985.

Notably, merchandisers have kept up their fierce promotional stance into the spring to remain competitive and prevent another inventory swell, such as occurred last fall.

Places Bets

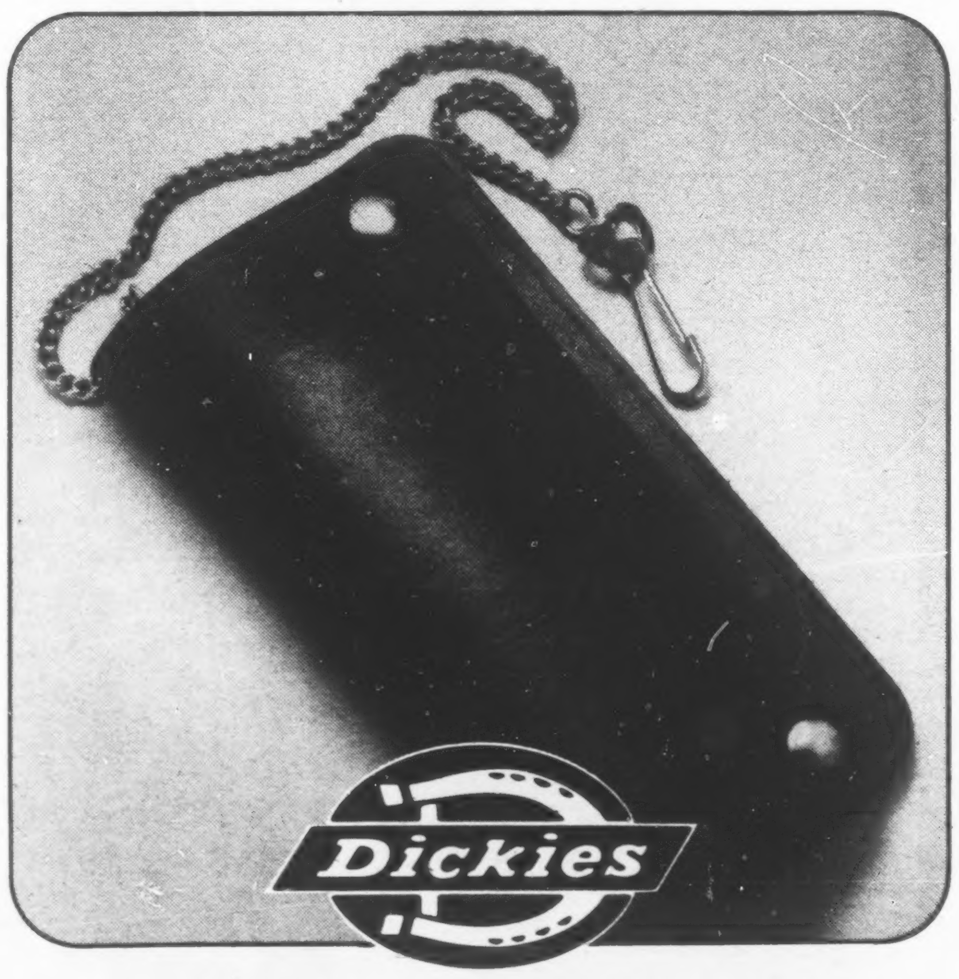
There's no single nonelectrics category driving the business now. This year's gains will probably be broad-based, considering the late-1984 sell-throughs on both basics and trade-up merchandise.

We also expect continued growth in closet and microware, and even higher percentage gains in vacuumware, which took off in 1984's final quarter on the strength of Aladdin steel bottles and new decorative thermal carafe offerings from Corning and Thermos Ware.

Corning's Thermique and Thermos Ware's Coffee Butler are helping develop a home tabletop and business office market for beverage servers that keep fluid temperatures constant and prevent bitter taste as happens when coffee sits in open drip coffeemaker carafes.

(Continued on page 52)

Worth your Money.



DICKIES CLIP-ON WALLETS
Made by:
HUMPHREYS LEATHER GOODS, INC.
1301 WEST 35TH STREET, CHICAGO, IL 60609

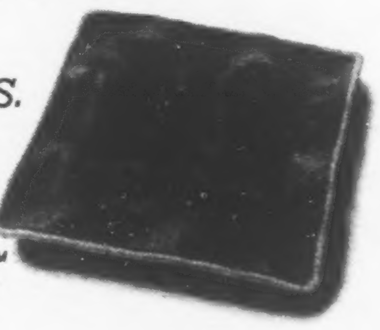
SELL THE ALL-AMERICAN WORK CLOTHES ALL AMERICANS WANT TO WORK IN.

People who work in America want their work clothes made in America.

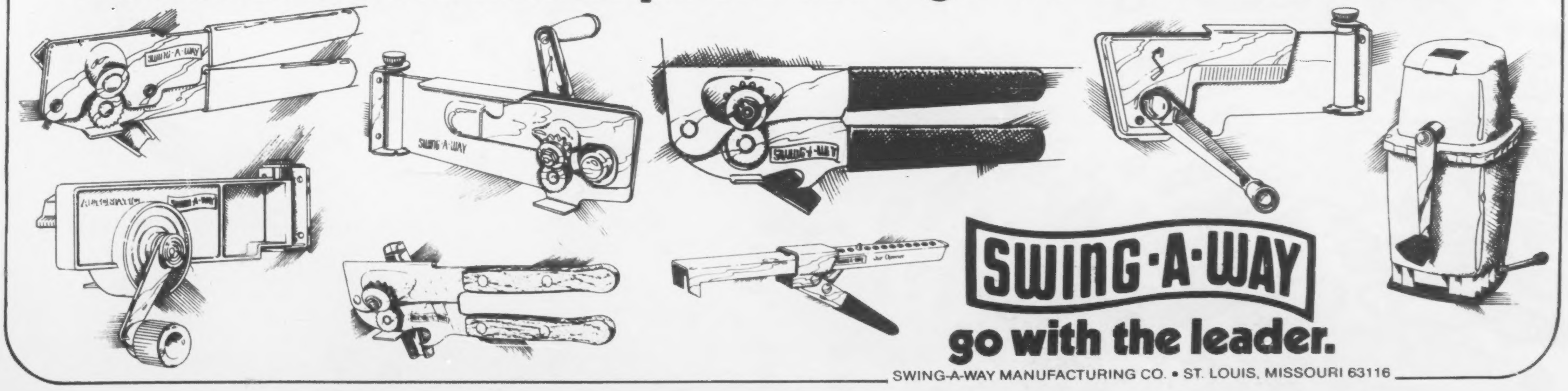
And that's exactly where every Big Ben by Wrangler garment is made. Right here in the U.S.A.

So carry our name proudly on your shelves. It's all American. Big Ben by Wrangler.

HARD WORKIN' CLOTHES.™



One of the best-known, best-selling brands in housewares.



SWING-A-WAY

go with the leader.

SWING-A-WAY MANUFACTURING CO. • ST. LOUIS, MISSOURI 63116

A COUPLE OF IMPORTANT WORDS ON DEPENDABILITY.

St. Mary's®

Division of Fieldcrest Mills Inc.

notices of TRADE PROMOTIONS & ALLOWANCES

PROMOTIONAL FEES & AIDS

Brystol-Myers is conducting a *consumer* promotion on Extra-Strength DATRIL® "Buy One Get One Free"/ All retailers of our products (whether purchased directly from us or not) may participate in this promotion. To obtain timely information about this promotional opportunity, write for complete information to: Bristol-Myers Products, 345 Park Avenue, 17th Floor, Room 18, New York, New York 10154.

(BE SURE TO INCLUDE YOUR NAME, FIRM NAME, ADDRESS, AND ZIP CODE, or if you prefer, ask your supplier.)

DON'T DISCOUNT US . . .

. . . or your trade promotion or allowance could fall flat. Discount Store News' trade promotion and allowances section is the first place your target audience of retailers will look for upcoming and ongoing trade notices. DSN grabs the attention of top level decision makers in

- *Discount Department Stores*
- *Catalog Showrooms*
- *Specialty Discount Stores and DSN does it bi-weekly.*

Discount Store News
Classified Department
(212) 371-9400

HOUSEWARES

11th Annual PMA

Lower Gain

(Continued from page 50)

Prompted by dropping interest rates in the latter part of 1984, manufacturers put more inventory in the pipeline. That eliminated delivery problems, which beset the industry in 1984's first half and made discounters wary about committing to promotions on popular products they might not receive.

That's all changed for 1985; promotions are much heavier now than a year ago.

Discounters are meeting our market's increased value-consciousness, spurred by economic slowdowns in our primarily northern California and Nevada territory. Computer industry shakeouts have caused layoffs in Silicon Valley, trimming shoppers' inclination to trade up.

That's also contributing to full-liners' heightened promotional stance, which may abate by midyear once they tire of the profit-cutting strategy.

What's becoming a more permanent part of full-liner pricing here is greater competitiveness with catalogers, who beat them handily in 1984 on dinnerware prices. Chains like Gemco are also keeping an eye on wholesale clubs and home centers, which became more prevalent competitors in 1984. But, discounters' formats, service and selection should help them keep their share of the housewares business.

We expect slowed price hikes by domestic manufacturers—a trend begun last year—to continue through 1985 because of heavy competition among vendors, moderated union demands, less inflation and inceased direct-importing efforts by discounters.

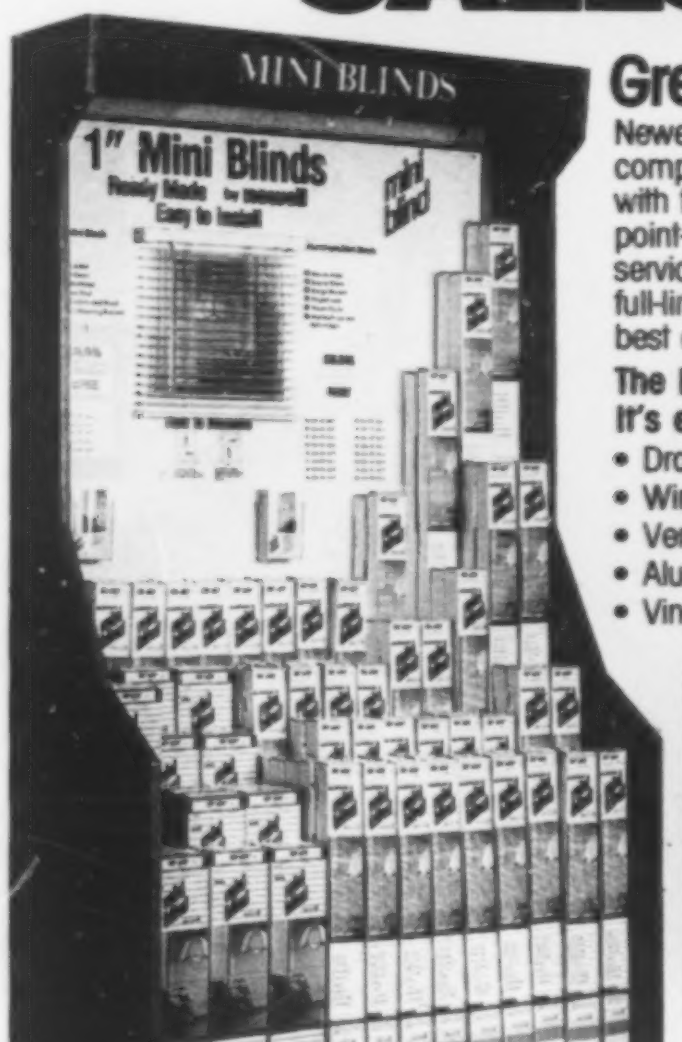
Moreover, suppliers are maintaining their aggressive rebate programs in bids to maintain market share.

Everyone is watching his pricing in 1985. We expect industrywide price hikes to be 5% or less throughout the year.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	TABLE TOP			
1	Corelle 16-N 16-pc set White	2,986	34.19	102,091.34
2	Livingwr 16-23-N 16-pc set Morning Blue	1,880	34.19	64,277.20
3	Cornerstone T-20-82 20-pc set China Blossom	884	71.99	63,639.16
4	Livingware II 20-25 20-pc set Solitary	764	51.29	39,185.56
5	Expression 2020-12 20-pc set Indian Summer	541	70.19	37,972.79
6	Dimension IV 3216-32 16-pc set Cinnamon	739	51.29	37,903.31
7	Dimension IV 3216-34 16-pc set Slate	706	51.29	36,210.74
8	Cornerstone T-20-81 20-pc set Royal Garden	491	71.99	35,347.09
9	Corelle 418 med bowl (4) white	2,372	13.94	33,065.68
10	Livingware II 20-95 20-pc set Colonial Mist	579	51.29	29,696.91
11	Livingware 16-24-N 16-pc set Burgundy	809	34.19	27,659.71
12	Corelle 110 large plate (4) white	1,794	14.39	25,815.66
13	Expression 2020-7 20-pc set Wildflower	356	70.19	24,987.64
14	Livingware 16-29-N 16-pc set Ribbon Bouquet	673	34.19	23,009.87
15	Corelle 108 med plate (4) white	1,809	12.59	22,775.31
	CORNING			
1	Visions V-300 6 pc set 1, 1.5, 2.5-qt	2,517	44.99	113,239.83
2	Visions V-1 1-qt covd saucepan	7,404	14.39	106,543.56
3	French White F-370 10-pc hostess set	807	87.29	70,443.03
4	French White set F-288	2,164	32.39	70,091.96
5	Visions V-20 1.5-qt dbl blr w/cover	2,044	28.79	58,846.76
6	F-2 2½-qt oval casa/id white	2,477	22.49	55,707.73
7	F-1 2½-qt round casa/lid white	2,383	22.49	53,593.67
8	French White F-14 4-qt cov oval cass	1,733	30.14	52,232.62
9	A-33-8 Trio set spice	906	53.09	48,099.54
10	French White F-21 roaster 4½-qt	1,565	28.79	45,056.35
11	F-3 10-in pie/quiche white	3,165	13.94	44,120.10
12	A-300-8 Starter set spice	817	53.54	43,742.18
13	A-33 Trio set cornflower	899	44.99	40,446.01
14	French Bisque F-2-55 2½-qt oval cov cass	1,301	22.49	29,259.49
15	Visions V-5 5-qt. covered saucepot	1,200	23.39	28,068.00
	PYREX			
1	233 3-qt oblong bake dish	16,073	7.19	115,564.87
2	532 32-oz liquid measure	18,758	4.94	92,664.52
3	516-N 16-oz. liquid measure	26,278	3.41	89,607.98
4	234 4-qt oblong bake dish	9,004	9.44	84,997.76
5	508-N 8-oz liquid measure	31,032	2.69	83,476.08
6	463-D 6-oz custard cup 4-pack	21,131	3.86	81,565.66
7	232 2-qt oblong bake dish	11,147	6.11	68,108.17
8	3520 2-liter juice jug	11,415	5.66	64,606.90
9	8014 1.5 liter cold bev server	11,852	5.12	60,682.24
10	464-D 10-oz deep pie dish 4 pack	9,641	5.30	51,097.30
11	222 2-qt square cake dish	9,450	5.03	47,533.50
12	5000 Bake n Store set	2,621	16.64	43,613.44
13	229 9½-in Flavor Saver pie plate	12,797	3.23	41,334.31
14	2330 3-qt util dish w/basket	2,156	18.89	40,726.84
15	95 3-pc mix bowl set clear	4,360	8.99	39,196.40
	GADGETS			
1	Sunbeam timer 8153-2 short ring almd	10,099	8.99	90,790.01
2	MLT cone fltr PA4-100 No. 4 (6 cp) 100 ct	26,056	3.41	88,850.96
3	Sunbeam timer 8153-1 short ring white	8,735	8.99	78,527.65
4	Saw can open "5-yr" hand almnd 407-A	14,287	5.39	77,006.93
5	Saw can open "Jr" small hand asst 107	26,994	2.78	75,043.32
6	Saw can open "5-yr" hand choc 407-C	13,813	5.39	74,452.07
7	R/K 102-AC refl bowl 8-in plug-in element	24,396	3.05	74,407.80
8	R/K 101-AC refl bowl 6-in plug-in	27,612	2.60	71,791.20
9	MLT cone fltr PA6-100 No 6 (10 cup) 100 ct	17,742	3.59	63,693.78
10	MLT coffeemaker system 10 cup SCM 10/6	6,745	8.99	60,637.55
11	R/K 106-AC refl pan 8-in GE&H/P Hng elem	27,684	1.88	52,045.92
12	R/K 105-AC refl pan 6-in GE&H Hng elmnt	35,229	1.43	50,377.47
13	Tric filter bskt gnrc GX-100 (100 pk)	54,717	0.89	48,698.13
14	MLT cone fltr PA4-40 No 4 (6 cup) 40 ct	30,292	1.52	46,043.84
15	E-Z Foil 1800 12-pk elec burner bibs	18,815	2.42	45,532.30
	BATH			
1	Grayline 1107 king size shower caddy	19,409	5.12	99,374.08
2	Grayline 1101 shower caddy	9,300	3.14	29,202.00
3	Excell 460-401 shower curtain astd (24)	4,623	6.29	29,078.67
4	Selfix C-441 shampoo spray	11,825	2.24	26,488.00
5	Selfix 443 port wall/hand shwr	2,367	10.52	24,900.84
6	Borg 3300PM scale sq almd	954	16.19	15,445.26
7	Borg 3300PM scale sq brown	841	16.19	13,615.79
8	Borg 7210PM scale rect brown	579	21.59	12,500.61
9	Borg 3300PM scale sq white	765	16.19	12,385.35
10	Borg 7210-PM scale rect white	550	21.59	11,874.50
11	Excell 999-03 s/curt lnr w/mag clear	3,847	3.05	11,733.35
12	Borg 3306PM scale wicker brown	593	18.89	11,201.77
13	Borg 2525LM scale oval almd	429	25.19	10,806.51
14	Borg 3306PM scale wicker natural	540	18.89	10,200.60
15	Borg 2525LM scale oval brown	368	25.19	9,269.92
	CLOSET			
1	Itex tubular plastic hanger almd-133	249,868	0.17	42,477.56
2	Itex tubular plastic hanger brown-133	224,386	0.17	38,145.62
3	Itex tubular plastic hanger white-133	193,914	0.17	32,965.38
4	Itex tubular plastic hanger rust-133	169,488	0.17	28,812.96
5	McMillin 4000 1-pc wire shoe rack	5,334	3.58	19,095.72
6	Sterilite 11006 shoe box almd lid	9,624	1.79	17,226.96
7	Tamor 5800/5A 5-pk child tube asstd	11,508	1.25	14,385.00
8	Bev HWH-06 wire drip/dry hanger st-6	19,300	0.71	13,703.00
9	Bev 1541-3 plastic suit hanger closet-3	6,626	1.88	12,456.88
10	Corr-Pak W2110 storage chest wood	7,679	1.61	12,363.19
11	Sterilite 44006 sweater box almd lid	3,054	4.04	12,338.16
12	Sterilite 74006 jumbo box almd lid	1,986	5.75	11,419.50
13	Bev T-159-2 wood trouser hangr set-2	7,705	1.34	10,324.70
14	Bev 1541-3 plastic suit hngr tort st-3	5,122	1.88	9,629.36
15	Bever 5-4 wood dress hngr set-4	6,826	1.34	9,146.84

Source: Bacar, distributors, San Jose, Calif., for the full calendar year 1984, covering 658 stores, including 480 mass merchandisers. Average retail prices reflect typical price points for mass merchandisers.

NEWELL GIVES YOU ANOTHER FULL-TIME SALESMAN:



Great Point-of-Sale!

Newell gives you the sales force you need to merchandise a complete line of window furnishings. All the right products, with tailor-made assortments for your market. All the superb point-of-sale merchandising. All the in-store support, detailing service and continuing follow-up to ensure that your Newell full-line window furnishing merchandiser stays one of your best and hardest-working salesmen.

The Newell Window Treatment Center.
It's everything you need to sell.

- Drapery Hardware
- Window Shades
- Vertical Blinds
- Aluminum Mini Blinds
- Vinyl Mini Blinds
- Wood Mini Blinds
- Vinyl Roll-Up Blinds
- Wood Roll-Up Blinds
- Pleated Shades

newell™
Newell Window Furnishings Freeport, IL 61032
A member of The newell group™

Tempting New Housewares Buck Tight Open-to-Buys

(Continued from page 3)

With discounters generally slowing their tabletop and cookware upscaling efforts for fear of consumer backlash, buyers were especially glad to see the new wave in electrics that will help them shift department emphasis this year.

As part of industry scaleback efforts, K mart is reassorting cutlery, flatware and pantryware toward middle price points within its current $7-$35 retail range "to target a customer we might have missed," said senior buyer Donald Bratt. He's also selling 7-piece porcelain enamel-on-steel sets at $29.97 daily compared with $49.97 a year ago.

On top of that, chains such as S. E. Nichols, Gee Bee and Distributors Outlet are promoting 16- and 20-piece Brazilian ironstone sets at about $10, and T.G. & Y. imports 20-piece stoneware sets to sell at $19.99 daily. To stem further encroachment by imports, which grew to 52% of dinnerware volume in 1984, Corning has dropped prices 20%-41% and introduced a stoneware-look line, said Hal McMenamin, vp-marketing and sales.

The trade-ups buyers said will work in 1985 are in kitchen electrics, particularly rechargeables which will be touted as part of B&D's $100 million 18-month brand transition campaign and Sunbeam's $42 million advertising plan for the second half.

In 1985, B&D will spend 10 times what General Electric spent to advertise housewares, and Sunbeam more than its total the past five years, said executives of both companies waging this heated market share war.

Discounters told *DSN* almost unanimously that rechargeable knives, can openers and mixers would produce incremental business at retails 20%-30% higher than corded counterparts because they'll appeal to upscale customers and gift-givers.

Underscoring retailer confidence in the new segment, BJ's Wholesale Club buyer Terry Gula will divert from warehouse operators' usual stance of selling established products only, and add B&D rechargeables. "Their marketing groundwork makes me comfortable resourcing these new items," he said.

And, Nichols last month took chainwide the West Bend cordless iron it was testing in six stores, said hard lines gmm Herb Kaltbaum.

On product usefulness, others such as T.G. & Y. executive vp-marketing and management Ted Kazleman and Fisher's Big Wheel buyer Jeff Bestic think out-of-the-kitchen rechargeables such as vacuums and lights may be more important than many of this show's entries.

K mart senior buyer Dennis Dorn disagrees, while alluding to a possible male market segmet for cordless: "What's the difference if you put batteries in a flashlight, or use a cordless knife to filet a fish by the lake."

Besides rechargeables, which discounters expect to forge 20% appliance sales growth in 1985, this year's big gainers will be microwave cookware, health care and kd furniture, buyers said.

Promising Area

Anticipated 15% microwave unit growth in 1985 will be helped by the new freezer-to-microwave plastic containers, at retails under $4, the low end of the category price spectrum. "We can see merchandising them with microwave and food storage, which are both growing," said Gee Bee dmm Ken Goodie.

Discounters are less enthusiastic about SilverStone-lined microware which costs about $2 more than unlined goods. Gee Bee, for instance, eliminated its assortment several months ago. Nichols dmm Bernie Solomon noted no need for that trade-up because "microware cleans like a dish, and most people use microwaves for reheating only. Nonstick surfaces might be useful on roasting pans, on which food might get hot enough to stick."

However, Nordicware president H. David Dalquist III projects the market will settle eventually at one-third nonstick, as consumers use microwaves more knowledgeably for cooking rather than just heating.

Health care is another bright area for discounters, with chains such as Heck's and Pamida already planning high identity merchandising sections near their health & beauty aids departments. Recent 30%-40% price drops on digital thermometers and blood pressure kits, plus the development of easy-to-use features such as mikeless cuffs and large dials, are helping to spur such in-store activity, buyers said.

This year, the nation's unit sales of blood pressure kits will grow 30% and digital thermometers 300% because of falling prices which are attributable to factory automation and increased competition, said Sharp product planning manager Glen Weinberg.

Discounters are also projecting 15% volume growth in kd furniture, on the strength of computer desks, VCR stands and TV tables. "The electronics industry is driving the furniture business," said Clover buyer Jan Clausing. He noted further that European designs popular at chains like Conran's and IKEA have yet to dent full-line discounter assortments, where oak case goods are becoming increasingly popular.

The flat sales prognosis for personal care has led Conair and Clairol to introduce faddish compact neon-colored dryers to attract the youth market. But the discounter jury is split.

Venture buyer James Whitehead expects them to sell well near H&BA, records and posters. Gold Circle and Fisher's Big Wheel buyers said they'll promote the blister-packed items during summer and back-to-school.

But T.G. & Y.'s Kazleman was firm in his caution: "I doubt their product life cycle will be long enough to reach our stores."

Conair's Artz said the unrebated line is meant to be high margin at $12.99. "It's impulse. A person who wants a purple dryer will pay for it. If someone thinks he'll sell more at $10.99, he's nuts. This costs less than a double album."

Anchor Hocking also received lukewarm response to its packages for bulk glassware, intended to save front-end wrapping time and shelf space. Many buyers said promotional 18- and 24-piece sets were becoming more important than bulk for presentation and value. "Singles are too costly per piece, and too low a total sale for us to stress," said Nichols' Solomon.

Home Improvement Buyers: Security Most Exciting

(Continued from page 2)

have the mercury vapor and quartz outdoor lights by fall," noted Gold Circle's David Covitz.

While Gold Circle's strategy in security this year will be mainly to improve assortments, according to Covitz, by weeding out weak movers over the next couple of months, others declared greater ambitions.

Nelson said that planned additions at Howard Stores over a range of merchandise areas, including sodium, mercury and quartz lights, plus deadbolts, mortise locks and other products would be the main force behind a planned eventual 10% addition chainwide to the approximately 1,500 hardware sku's Howard carries.

Heck's buyer Carlos Owens said he expected to exploit an ongoing modularization of Heck's hardware department that is cutting a lot of product duplication by alternate vendors to give him the opportunity to bolster Heck's home protection area within the next few months.

Interest Reported

He spent his time at the show here scouting out resources both for more mundane items like entry sets and deadbolts and for seek and scan electronic burglar alarm sets that automatically sense light and motion.

On the less upbeat side, discounters noted that they were using this show to scout the remaining resources in the kerosene heater business and to develop alternatives.

Since Federal regulations controlling allowable emissions for kerosene heaters were promulgated a year ago, numerous makers have gone out of business. Inventories that were dumped on the market at that time are all but gone.

"Now, you're buying new compliance goods at nondistressed pricing," said Richway home improvement buyer Walter Sandlin, after touring the show.

Sandlin said he'd choose a new source from those he'd seen—his previous supplier's out of business—but "while we'll stay in the business I project the dollars will be a small fraction of what we've seen in the past."

Places Bets

Sandlin said he was pinning a lot of fall hopes on fireplace accessories where he was doubling sku's from four to eight. Behind his thinking was dramatic growth in homebuilding activity in Richway's market area, he said.

K mart's senior electrics buyer Dennis Dorn said that after reviewing the kerosene heater market situation with makers at the show he was about to make a final decision. He said he'd carry two or three items but that the combination of a shrinking market and higher price points would make him look elsewhere in the space heater category for the future, particularly at fan heaters. Several others said the same.

Discounters also used the Atlanta event to address a number of individual concerns.

S. E. Nichols has plans to enlarge the home center area of its departments 25%-30% within the next couple of months, reported buyer Roland Buchbinder.

So Nichols merchandisers, who had earlier reviewed the products they wanted for the new area, were at the show visiting makers of unpainted furniture, bathroom vanities and kitchen cabinets, to review potential arrangements for total programs and talk about what kind of space allotments would be necessary.

The Gold Circle team is on the verge of several decisions over the next few weeks with regard to fall programs in storage items, indoor lighting and is also strongly interested in moving ahead with a fastening system program it's been testing.

"The show gave us the opportunity not only to make some product reviews but also to go over what kind of vendor promotion we could expect in these areas,"Covitz noted.

Dorn said that in addition to his primary review of the kerosene heater situation, he was also taking the opportunity of the show here to take a hard look at what kind of buys he could get on ultrasonic misters.

This novel type of home humidifier was a fast starter last year for many mass merchants but today "everybody's getting into the business and the price is being eroded," Dorn observed, projecting that retail prices would tail off 20%-25% by fall from this year's price points of about $89 everyday and $79 on ad.

Goals of Dennis Dorn, K mart's senior electrics buyer, at the home center show included finding buys on ultrasonic misters, and reviewing the shrinking kerosene heater market. *(DSN photo)*

Chains' '84 Profits Fail to Match Sales

(Continued from page 2)

gain.

K mart, along with a number of other retailers, inaugurated major merchandising changes last year to reposition their operations and make them more productive. These endeavors in most cases adversely impacted the bottom line last year.

"For the year as a whole, the impact of implementing major strategic changes in key segments of our business was more negative than had been anticipated, due largely to the highly promotional retail environment that existed throughout most of the past year," said Howard Goldfeder, chairman of Federated Department Stores, parent of Gold Circle and Richway.

Federated's sales increased 11.3% to $9.6 billion, but its net income slipped 8% to $286.7 million.

While only two of the 32 chains reported a loss, a truer indication of how difficult 1984 was for most of the leading retailers can be found in the net or operational earnings results as a percentage of sales.

At 14 chains, this percentage dropped, while at three others it remained the same. Only seven chains were able to show a higher percentage.

The gains registered by these seven didn't keep pace with the percentage increases recorded for their dollar earnings. Zayre discount stores, for example, had the highest gain in operational income, 34.6%, but as a percentage of sales it was 5.6%, only a 10.4% increase.

Ames' net income jumped 43.4%, the greatest gain of any of the 32 chains. But, net profit as a percentage of sales of 3.5% was only a 12.9% increase.

The heightened promotional environment was felt all year long, as is evident in the fiscal year results. But, the greatest impact was especially evident in the fourth quarter as chains became even more promotional to draw shoppers in the face of an uncertain economy while also taking extensive markdowns.

Holiday fourth-quarter results that were weaker than fiscal-year gains was the norm for most of the leading retailers, including such sterling performers as Wal-Mart and Toys "R" Us.

Wal-Mart, for example, recorded a 37.2% jump in sales and a 38% boost in earnings for the year, but the fourth quarter's figures were a 34% increase in volume and a 29% gain in income. At Toys "R" Us, the fiscal-year performance had sales jumping 29% and income ahead 20.7%, but the quarterly results were volume gaining 19.3% and earnings up 8.3%.

Jamesway was one of the few exceptions as its fourth-quarter performance was stronger than its overall fiscal year results. For the year, sales were ahead 14.1% and earnings gained 15.2%, while in the quarter volume jumped 19.9% and income increased 22.6%.

Correction

In the April 1 *DSN*, the stock chart incorrectly listed Family Dollar's 1984 earnings per share as (−$1.24).

The correct figure was $1.24, which was then adjusted to 83¢ a share following a 3-for-2 stock split in January.

Fashion Hosiery Gains: Pp. 13-14
Ethnic Hair Care Shifts: P. 18

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING
$2 per copy
VOL. 24, NO. 9 Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. APRIL 29, 1985

Pow! Service Mdse. Set to Get H. J. Wilson, Ellman's

Raymond Zimmerman, chairman, president and ceo of Service Merchandise, has set his sights on making his expanding chain significantly bigger than any other cataloger.

NASHVILLE — Service Merchandise expects to complete within the next two months its blockbuster acquisition of two other publicly held catalogers, H. J. Wilson and Ellman's, for a total of about $207 million in cash.

The two deals, with the H. J. Wilson acquisition in particular doggedly pursued by Service Merchandise's driving chief executive Raymond Zimmerman for a number of years, will make the diversified cataloger the industry's hot company: tops in number of showrooms and vying with archrival Best Products for the leading sales spot.

Service Merchandise's $1,656,992,000 volume last year will be boosted by about $600 million from the two acquisitions—$520.5 million from H. J. Wilson and about $70 million from Ellman's—putting the Nashville cataloger's sales over $2.2 billion, the same level as Best's.

But Service Merchandise will be way ahead in showrooms with 276: 187 under its own logo, 80 from Wilson and 9 from Ellman's. Another 13 Service stores so far, are due to be unveiled in 1985.

Best operates just over 200 showrooms and recently has only been opening about a half-dozen stores a year.

To finance the two acquisitions, Service has obtained a new line of up to $300 million in unsecured credit from eight banks headed by New York City's Chase Manhattan. The funds can be used for the two deals and for other corporate purposes, including any additional acquisitions should such opportunities arise.

Zimmerman, chairman, president and chief executive officer of Service, said plans for Wilson and Ellman's will be detailed when the acquisitions are completed.

Trade observers, however, expect the cataloger to eventually absorb the two companies into its own operation, mainly retaining showroom and regional personnel and only a few, selected headquarters executives and merchandisers.

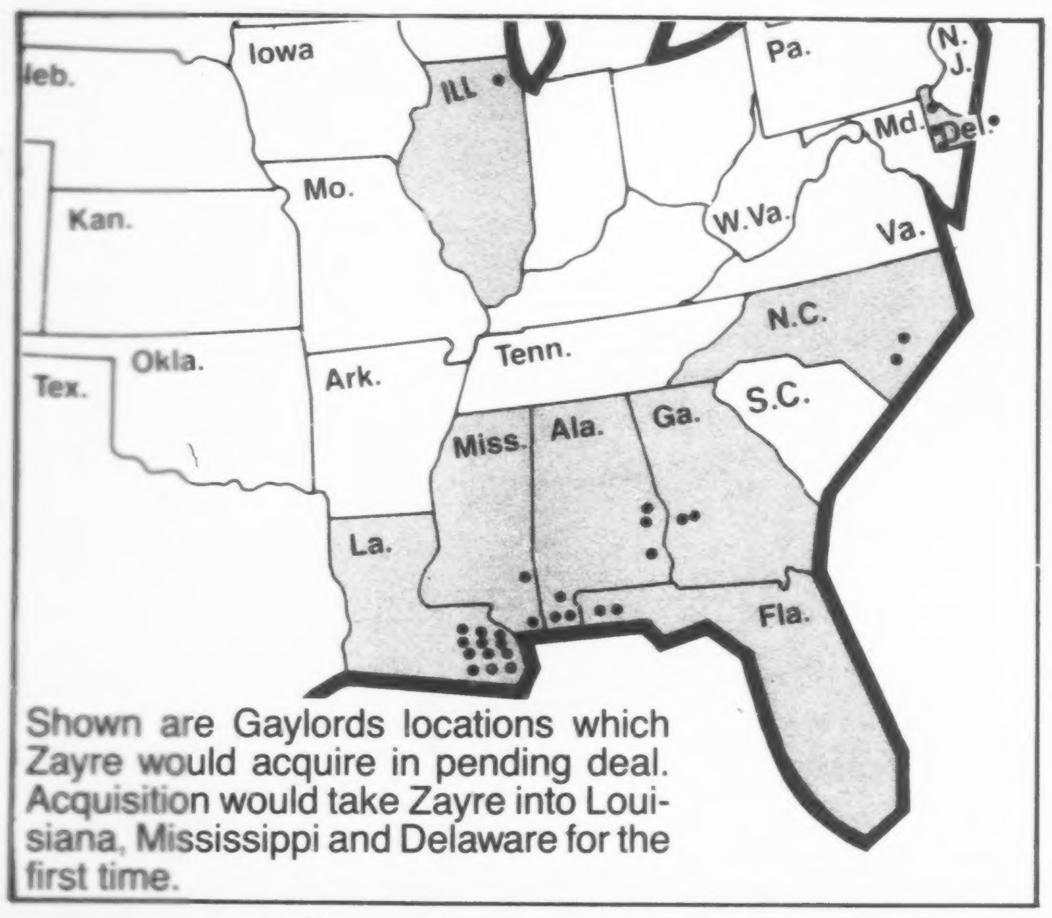
This would echo Service's pattern in other takeovers—seven years ago, when it bought the 24-unit The Value House for $34.8 million and last fall, for an undisclosed amount, four Towers units. In each case, Service only held onto the showrooms and some store personnel.

Service is now much stronger financially and operationally than when it acquired The Value House, so the Nashville company is much better able to "digest" Wilson, an executive with the latter company said.

Rival Best, when it acquired Modern Merchandising, did try to maintain the acquisition's independent identity, something that has been a key source of problems for Best.

Zimmerman reportedly has long been eying Wilson and Ellman's, along with a number of

(Continued on page 28)



Shown are Gaylords locations which Zayre would acquire in pending deal. Acquisition would take Zayre into Louisiana, Mississippi and Delaware for the first time.

Zayre Would Blitz N. Orleans With In-Progress Gaylords Buy

FRAMINGHAM, Mass. — Zayre Corp. was moving at presstime to take over 31-store Gaylords National.

The acquisition would propel Zayre to a pre-eminent spot among discounters in metropolitan New Orleans, plus bolstering its penetration of other southern markets.

Zayre paid almost $1.9 million for a 16.3% stake in Secaucus, N.J.-based Gaylords in the first step of a deal valued at about $12.6 million based on closing stock prices at presstime.

In New Orleans the buyout would yield Zayre 10 stores in Gretna, Harvey, Kenner, Metairie and in the city, and bring it nose to nose in the market with K mart, which has five units, and cataloger H. J. Wilson, about to be acquired by Service Merchandise, with four showrooms.

Zayre would also obtain two more units in Louisiana and two in Mississippi (in Gulfport and Meridian), states it is not in now.

Stock analysts noted a disparity between Gaylords' smaller stores, averaging 58,000-sq.-ft. selling space, and Zayre's, averaging 68,000. The price was right, however, several observed.

"They bought cheap real estate," commented Bear, Stearns analyst Monroe Greenstein.

Locations are compatible, too. Both discounters operate in Alabama, Florida, Georgia and North Carolina, but overlap only in one market, Fort Walton Beach, Fla.

In Alabama, for instance, Zayre has seven units in the heavily industrial, urbanized areas of Birmingham and Tuscaloosa, while Gaylords operates six stores in the Mobile and Montgomery areas.

Outside the South, Gaylords has one store near Chicago and four in Delaware, another potential new market for Zayre. Gaylords closed two Pennsylva-

(Continued on page 27)

Membership Warehouse Operations

First Head-to-Head Price-PACE Clashes To Occur in Philadelphia, Baltimore

PHILADELPHIA — Price Co. and PACE Membership Warehouse will square off here and in Baltimore this year, in their first head-to-head confrontation.

This will be the latest among mounting market-share battles being waged by the nation's membership warehouse chains.

San Diego-based Price bought 10 acres here at presstime for a newly built site to open this fall. PACE, headquartered in Denver, plans to follow almost immediately: "We'll enter Philadelphia with at least two clubs within the next 12 months," said Charles Steinbrueck, PACE senior vp-marketing and merchandising. "It's probably one of the strongest markets on the East Coast for this concept."

Price will also place its first unit in Baltimore this fall to compete against three 100,000-sq.-ft. PACE clubs to open in early August, company sources said. The PACE clubs were slated for spring 1985 openings originally, but construction problems on one delayed the openings of all three, reported Steinbrueck. "We'll open them simultaneously for maximum impact," he said.

Cincinnati-based Makro already has single units in both markets, but is considered a less direct competitor because it doesn't sell to retail shoppers, trade observers said.

Reasons operators cite for Price's and PACE's drive into new eastern territories include established retail markets, dense population, the current lack of competition and deep penetration of small businesses with 30 to 50 employees that make up the prime customer base for warehouse clubs.

More direct competition seems bound to occur as membership warehouse chains increasingly cover the Northeast corridor—far from most of their home bases in the Sunbelt.

Price is "now actively seeking sites in New York, New Jersey, Pennsylvania, Maryland and northern Virginia," said Giles Bateman, vp-finance. "Our Baltimore and Philadelphia openings are the first implementations of that strategy."

Of Price's 25 stores, only two are on the East Coast, in Richmond and Norfolk, Va. Price Club East, a 94%-owned subsidiary of Price Co., manages these units "and will manage our future northeastern sites,

(Continued on page 28)

IN BRIEF

• **COMP-U-CARD HAS OPENED ITS FIRST ELECTRONIC** retailing store featuring four interactive laser videodisc The Shopping Machine kiosks and three personal computers programmed for its Comp-U-Store On-Line and Comp-U-Mall services. The 500-sq.-ft. The Shopping Machine Store is in the Park City Center's West Mall in Lancaster, Pa.

• **HILLS HAS PLACED ITS ENTIRE APPAREL MERCHAN**dising under Leonard D. Sack, who retains the title of vice president-soft lines merchandising. Sack, who had previously only headed up the discounter's New York ladies' apparel office, was also given responsibility for the other soft goods, formerly under Stephen J. Jelin, who has become president of Prange Way.

• **AMES OFFICIALS INITIATED TALKS AIMED AT A TAKE**over of G. C. Murphy Co. for over $178 million. Ames already owns 3% of Murphy's common stock and has an option to buy 19.4% more from Minneapolis investor Irwin Jacobs. A proposed leveraged buyout of Murphy's by an employee stock ownership plan has been dropped.

Digest

April 29, 1985

CONSUMER ELECTRONICS

• **Best Buy is the latest CE retailer to make a public stock offering.** (p. 16)

INDEX

At the Source 20, 28
Catalog Showroom News . . . 9
Classified 23-27
Editorial 7
Product Movement Audit
Ethnic H&BA 18

HEALTH & BEAUTY AIDS

Hair Care Spreads Its Roots

Pursuing the over-$2 billion shampoo/conditioner market, Zayre, Medford, Mass., stocks key items like Prell and Head & Shoulders and a few with natural ingredients like sea kelp.

ETHNIC H&BA

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Care Free Curl Instant Mstrzr, 8 oz.	362,852	4.05	1,469,550.60
2	Worlds of Curl Gel Activator, 6 oz.	339,084	3.75	1,271,565.00
3	Lustrasilk Rght On Crl Actvtr, Lqd, 8 oz	328,928	3.75	1,233,480.00
4	Dark & Lovely Creme Relaxer Kit	129,688	8.21	1,064,738.40
5	Care Free Curl Activator, 8 oz	227,010	4.40	998,844.00
6	Stay Sof Fro Oil Sheen, XDRY, 8 oz	245,174	3.83	939,016.42
7	Gentle Treatment Cndtnng Crm Rlxr Kit	78,045	9.55	745,329.75
8	Worlds of Curl XDRY, 6 oz	184,402	3.75	691,507.50
9	Luster S-Curl Kit	67,077	9.95	667,416.15
10	Lstrslk Rght On Crl Instnt Mst Cnd 8 oz	158,063	3.95	624,348.85
11	Care Free Curl Instnt Moistrzr, 12 oz	106,364	5.65	600,956.60
12	Worlds of Curl Comb Out Reg., 8 oz	180,590	3.00	541,770.00
13	Proline Curly Kit	52,088	9.95	518,275.60
14	Proline Super Curl Kit	48,130	9.95	478,893.50
15	Luster S-Curl Activator, 8 oz	94,439	4.45	420,253.55
16	Donnie's Curl Rejuvenator, 8 oz	92,291	4.50	415,309.50
17	Revlon Fabulaxer Kit	46,224	8.95	413,704.80
18	Stay Sof Fro Curl Activator, 8 oz.	88,351	4.50	397,579.50
19	TCB Gel Curl Activator, 6 oz	92,678	4.25	393,881.50
20	Worlds of Curl Comb Out, XDRY, 8 oz	130,230	3.00	390,690.00
21	Lustrasilk Curly Look Control, 12 oz	103,285	3.75	387,318.75
22	Bronner Brothers Dbl Strngth Super Gro	56,333	6.50	366,164.50
23	Care Free Curl Activator, 12 oz	58,523	6.20	362,842.60
24	Long Aid Gel Activator, 10.5 oz	100,213	3.50	350,745.50
25	Revlon Relaxer Kit	40,462	8.25	333,811.50

Source: Ben Sheftall Distributing, for calendar 1984, covering more than 5,000 stores, including 75 mass merchandisers. Average retail prices reflect typical price points for mass merchandisers.

10
5
Bill Gallo

3 ON THE MONEY.

DISCOUNT STORE NEWS' EXCITING NEW 1985 HOUSEWARES SHOW PACKAGE* LETS YOU REACH YOUR PROSPECTS BEFORE, DURING AND AFTER THE SHOW.

Discount retailing accounts for $6.9 billion in housewares sales annually—35% of all retail housewares sales.

And the Housewares Show is the time all the discount retailers are looking at what housewares manufacturers have to sell.

Now you can bracket the Housewares Show with ads in 3 issues of DISCOUNT STORE NEWS. The Pre-Show, the Show issue and the Post-Show issue. And make sure they see your products:

BEFORE: When they are making their plans.

DURING: While they walk the show and are in a buying frame of mind.

AFTER: When they get back to their offices—to remind them to place their order.

Take full-page ads (minimum) in each of these 3 issues and earn a substantial discount.

This is a totally new program. A first for DISCOUNT STORE NEWS and a first for your industry. And your company.

Show off your wares. Reserve your space now.

*HOUSEWARES SHOW PACKAGE ISSUES AND AD CLOSING DATES:	
	OCT. 28/OCT. 1
	NOV. 11/OCT. 16
	NOV. 25/OCT. 30

Discount Store News.
THE NEWSPAPER OF DISCOUNT RETAILING
THE NEWSPAPER OF THE BIG LEAGUE CHAINS
Fred Filer, Publisher
Sales Offices
425 Park Avenue, New York, NY 10022 (212) 371-9400
1 Gateway Center, Newton, MA 02158 (617) 527-6394
444 N. Michigan Avenue, Chicago, IL 60611 (312) 644-8688
606 N. Larchmont Blvd., Los Angeles, CA 90004 (213) 464-8321
Lebhar-Friedman, Inc. The Voice of Retailing.

New Ethnic Star: Nonlye Hair Relaxer

By RICHARD EICHHOLZ
President,
Ben Sheftall Distributing

PMA
PRODUCT MOVEMENT AUDIT

The biggest thing we see happening in our marketplace is the leveling off of the curl activators and moisturizers. Items like Care Free Curl Moisturizer, Lustrasilk Activator, and the Worlds of Curl activator are our biggest items and they were still growing last year but the big gulp has almost been swallowed.

There's a real shift going on in the whole ethnic health & beauty aids area that this is part of. We see black consumers moving toward more hair relaxers but with nonlye products.

We see the future for us in nonlye relaxers that don't even show up on the 1984 list of top movers.

Dark & Lovely has a product that's not close to the rankings yet but next year you'll definitely see it on the list. What you can see is a tremendous change in items like the Luster S-Curl Kit. People are using it as a straightener because it's got a sodium hydroxide base and that's driven it up to No. 9 on our 1984 list.

The year before it was only our 36th best moving product.

Also, take a look at the No. 6 position for Stay Sof Fro Oil Sheen, extra dry, in the 8-oz. size. It has moved up six positions because on relaxed, long straight hair it doesn't look too shiny.

Meanwhile, the regular 8-oz. Stay Sof, which used to be one of our top products and the item on which the maker, M & M Products, was entirely built, has dropped right out of sight.

This shift in styles means that usage of curl kits is going to fall off as well. This began last year and you can see it with the Proline Super Curl Kit. The item's No. 14 on this year's chart but it was our eighth best mover in 1983.

Other things you'll see coming up this year are wave pomades like Dax & Murray's Super Hair Pomade in the 3-oz. size. We've already seen a tremendous surge in movement but the retail dollars are still low so you don't see the effect yet.

There also should be some changes in products put out by companies that are advertising very heavily, like Lustrasilk, Worlds of Curl and Donnie's American Beauty Products. They're all coming on very strong with bus and subway signs and not just using the magazines and radio. They're working closely with the retailers and this should have its effect.

Venture Unveils 2

ST. LOUIS — Venture has opened two stores in Bridgeton and Rockford, Ill., bringing the total number of units in operation to 58.

Dennis Johnson has been named manager of the Bridgeton store and Paul Kulick will manage the Rockford store.

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

VOL. 24, NO. 10
Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.
$2 per copy
MAY 13, 1985

Discounters—including Eugene O'Donnell, Hills; Julian Seeherman, Venture; Robert Soelter, ALCO; Malcolm L. Sherman, Zayre, and David Glass, Wal-Mart (pictured left to right)—are bullish on 1985 second-half sales.

Chain Prexies Eye Solid Biz Gains

Nationwide DSN Report

The nation's largest discounters are projecting double-digit sales gains through the rest of the year despite the sluggish economy.

Chain presidents stressed to *DSN* their commitments to strong open-to-buys, store expansion and remodeling programs, while keeping a closer eye on inventory build-ups in order to avoid a repeat of last Christmas's overbuy-in.

Looking ahead to this Christmas, discounters expect their advertising wars will begin about a week before Thanksgiving because of six fewer shopping days in the traditional holiday selling season.

Despite the anticipated intense promotional period, top executives at Wal-Mart, Zayre and Ames expressed optimism about the upcoming second-half's performance prospects. Zayre Stores president Malcolm L. Sherman noted that "major economic indicators, such as consumer confidence and retail sales, are moving within narrow ranges, and we see no reason for any extreme changes to occur. I'm not yet predicting the next recession."

Supporting that optimism, Wal-Mart targets 8% same-store sales gains for 1985, Pamida 12%, and Ames has been running 16% into early April.

For the most part, top discount chain executives anticipate their greatest growth in 1985 will occur in consumer electronics, and to a lesser degree, ladies' ready-to-wear and small appliances because these are the few current merchandise areas experiencing rapid product evolution.

Thus, many agreed this will be a back-to-basics second half, particularly during Christmas, in most departments. By that, chain officials indicated there was a dearth of exciting new products to stimulate consumer interest.

(Continued on page 182)

Herman's Successfully Makes 1st Stock Offering

NEW YORK — W. R. Grace's Herman's, the nation's largest specialty sporting goods and sports apparel chain, has successfully made its first public stock offering. It resulted in the sale of 4.6 million shares, 600,000 more than originally offered in an earlier prospectus filed in November 1983.

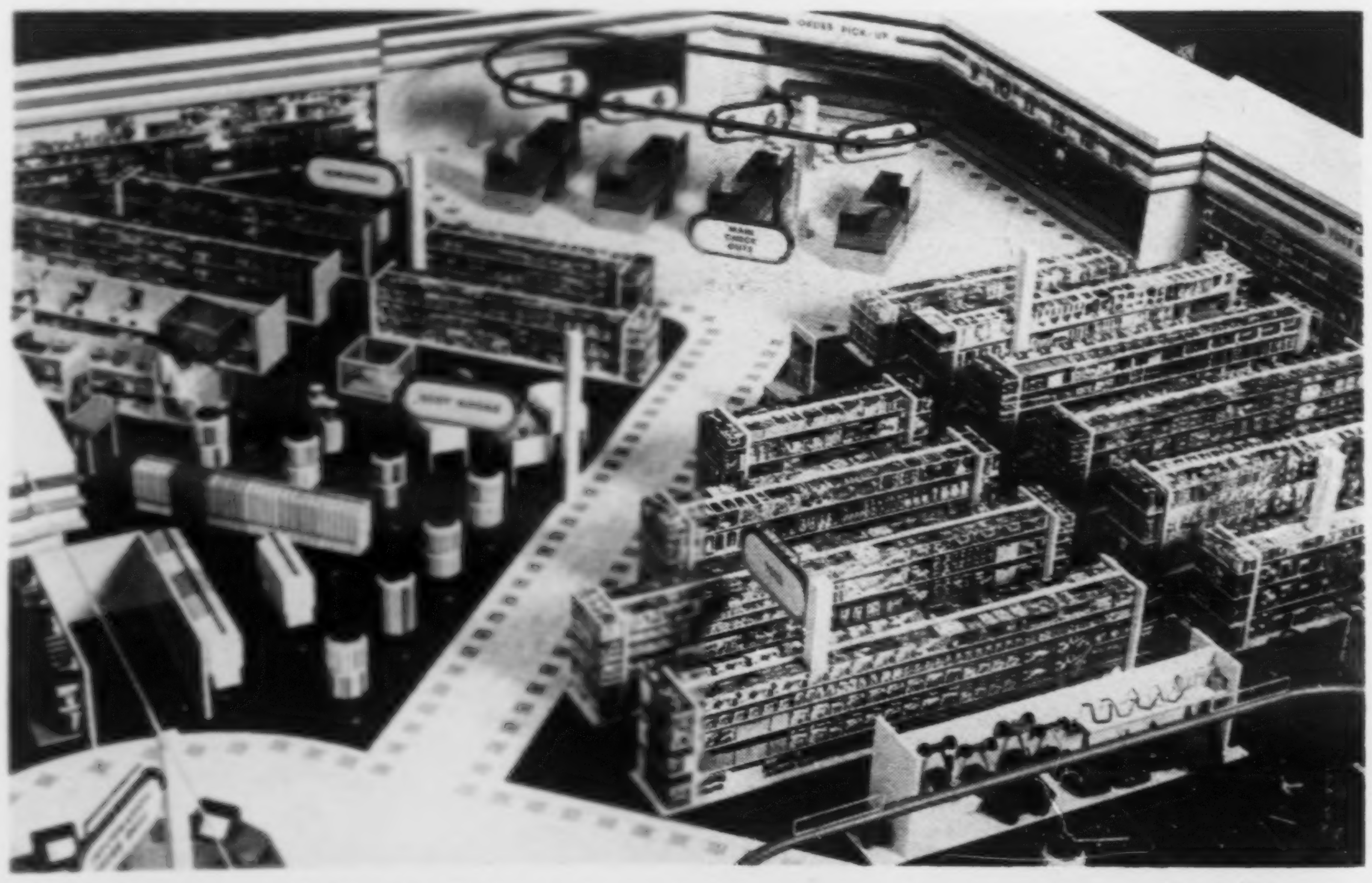
Herman's is the second retail operation wholly owned by Grace to be taken public. Last year, 27% of El Torito, a chain of 125 Mexican restaurants, went the same route. In both offerings of its retail subsidiaries, Grace retained majority control.

About $76 million was raised by Grace and Herman's, with the proceeds to fund several different programs. Of the total shares offered, at $16.50 each, 1.3 million were sold by Her-

(Continued on page 182)

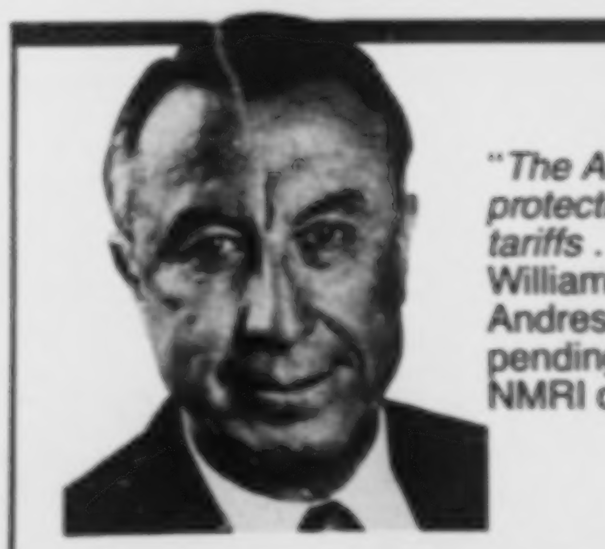
IN BRIEF

- **LUSKIN'S IS THE LATEST CONSUMER ELECTRONICS** chain to go public. The 30-unit, Baltimore-based firm filed for an initial public offering of 1.35 million shares of common stock. The anticipated price range is $15-$18 per share; the proceeds will be used to finance future expansion.
- **MAX. S. DANNER, CHAIRMAN AND CEO OF DANNERS** Inc., died of a heart attack. The 59-year-old nephew of Danners founder Forest Danner joined the company as a stock boy in 1940, was appointed president in 1962 and was elected chairman and ceo in 1974.



Best to Doll Up For Bigger Impulse Sales

Best Products will spend $90 million this year for a new showroom look (partially shown in mockup) to boost impulse sales, particularly of higher-margin items. See story, p. 2.



Convention Highlight

"The American public pays a hidden price tag for protectionism because the cost of quotas, duties, tariffs . . . is built into the price of the product."—William Andres, chairman, Dayton Hudson. Andres and Congressman Bill Frenzel will discuss pending Federal trade restrictions at the annual NMRI convention. (Story, p. 54.)

Annual NMRI Convention: See Special Section, Pp. 17-134

Index

At the Source 162-169
Catalog Showroom News 11
Classified 173-179
Editorial Page 6
Manufacturer News 171
Product Movement Audit
  Housewares 150, 157
  Stationery 142
Stock Update 4

Discounters' Housewares Sales Lead Widens

CHICAGO — Discounters have grabbed a heftier portion of the housewares business than ever before, leaping eight percentage points in 1984 to 38% of the industry's total of $24.6 billion.

Including catalog showrooms' 9% share, discounting segments comprised 47%—almost half—of manufacturers' total 1984 sales to wholesale and retail outlets, according to a recent report from the National Housewares Manufacturers Association.

This is, in fact, the highest percentage recorded for the discount trade in the study's 18-year history.

While 1984 industry sales registered a gain of almost 10% over 1983's $22.4 billion, the Gross National Product rose only 6.8% during the same period, the report points out, underlining how the housewares industry outperformed the nation's economy once again. In 1983, the industry experienced a 12% increase over the previous year—from $20 billion to $22.4 billion.

Upswing Noted

Department stores also improved their share of the housewares business last year, with a 10% share, or $2.5 billion, reflecting a two-percentage-point increase over 1983. The catalogers' 9%, meantime, marked no change from the previous year.

Market segments that dropped in their housewares market shares included housewares and hardware stores, down two points, variety stores, also down two, and mail-order companies, off one.

The strongest housewares merchandise category, the study stated, continued to be electrics, comprising 33% of manufacturer sales or approximately $8.5 billion. This marked a two-point slip from 1983's 35%. However, the percentage of housewares manufacturers in the electrics business was 11%, second to the decorative accessories classification's 12%.

Decorative accessories sales-wise, however, tied for the No. 2 spot along with cookware and bakeware—both at 10% or $2.5 billion in sales.

In third place, with 8% of the total volume or $2 billion, was serving and buffet products and accessories—including dinnerware, cutlery and flatware.

Interestingly, this was the first year the study separated cookware and bakeware sales, discovering cookware accounted for 8% of sales while the latter comprised

(Continued on page 130)

Mfrs.' Housewares Sales by Outlet
(Per cent of Total Dollar Sales)

Type of Outlet	1984	1983	1981	1976
Mass Merchandisers	38	30	28	20
Department Stores	10	8	11	7
Catalog Showrooms	9	9	10	6
Food Stores	7	6	6	5
Drug Stores	5	5	6	4
Housewares/ Hardware Stores	3	5	4	5
Variety Stores	2	4	5	6
Mail Order	2	3	2	4
Home Centers	2	2	2	2
Buying Syndicates	1	1	1	1
Other Retail	4	6	5	6
Wholesale Outlets	17	21	20	34

Source: 18th annual NHMA study

Housewares Manufacturers' Sales

	Sales (in thousands)	% Change Over Previous Year
1974	$ 9,642,000	+11
1975	9,702,000	+ 1
1976	10,963,000	+13
1977	11,885,000	+ 8
1978	13,479,000	+13
1979	15,579,000	+16
1980	17,484,000	+11
1981	19,075,000	+ 9
1982	20,086,000	+ 5
1983	22,401,000	+12
1984	24,581,000	+10

Source: 18th annual NHMA study

MICRO BLIND
1/2" Vinyl Slats
cafe rod
double curtain rod
14 cafe curtain clips
clip-in drapery hooks
Length 64"
Kenney
Vertical blind
EASY TO INSTALL
DO-IT-YOURSELF
INSTALLATION

No matter how your customers cover windows, Kenney's got you covered.

Practical Pam . . . nouveau Norman . . . thrifty Thelma. Bring on the choosiest customers. The more diverse and demanding they are, the more they'll be pleased by the complete Kenney collection of window fashions. The same Kenney products that are proven sellers in the nation's top department stores.

Over 3,000 SKU's of drapery hardware, shades, vertical, pleated, wood and mini blinds and the sensational new micro blinds — in a whole range of colors and materials. If it's made, it's made better by Kenney.

Best of all, each and every package is coordinated and attractively held in an inviting display that holds a full *30% more merchandise* in the same amount of floor space. Then, our nationwide sales force assures that it's neat, attractive and well-stocked. With seven regional distribution centers, we can ship almost any item to your store within 48 hours.

Trendy . . . traditional . . . upscale . . . down-home. There's no such thing as an average customer, so you need more than an average line. And Kenney's got you covered with the best program of products, display and support in the industry. Call or write Kenney — we'll cover all the details with you.

Kenney Window Fashions

New York Office & Showroom
261 Fifth Ave., Suite 807, New York, NY 10016 USA
Phone (212) 689-4804 (4805)

Factory & Executive Offices
1000 Jefferson Blvd., Warwick, RI 02886 USA
Phone (800) 556-6531

NHMA Study

Foreign Foes Bug Housewares Mfrs. the Most

CHICAGO — The overriding issue concerning housewares manufacturers is the impact of foreign competition.

Concern over "changes in the competitive mix," reached its highest level in recent years, as 45% of participants in a recent National Housewares Manufacturers Association study mentioned it.

The report tracks this issue from 1983, when it was mentioned by 26% of those polled, to 1984 when 32% pointed to foreign competition, to its current level.

"The problem we face . . . is the unfair overseas competition, especially from the Orient. We innovate, design, go to the expense of costly marketing and then our products are knocked off," stated one housewares manufacturer.

"What happens is not competition. The Taiwanese do not have the same cost factors. Something has to be done to support and buy American," he insisted.

Other manufacturers noted the margin erosion problem caused by foreign companies when they come into the U.S. marketplace "only for a quick dollar."

Another respondent claimed product credibility of homemade goods was affected when offshore products are inferior in quality.

While this issue rose in importance among the group, there was a sharp decline in economic worries for 1985. Only 11% of those polled cited "economic outlook/tight money/recession" as a prime concern for 1985, compared to 24% in 1983 and 15% in 1984.

Changing Attitudes

Other manufacturer problems which also declined in importance for 1985 included "changes in retailers' buying/inventory attitudes"—from 15% in 1984 to 13% in 1985—and difficulties concerning "collections/accounts receivable" from 23% in 1983, to 11% in 1984 to 8% for this year.

One issue that is on manufacturers' minds each year is potential price increases. According to the study, however, only 2% of the manufacturers involved in the study stated 1984 prices were raised by 10% or more; 3% anticipated such increases for 1985.

In fact, 64% of the housewares producers said they did not hike prices in 1984. However, 54% did not anticipate increases for 1985.

The key reason cited for increasing housewares prices in 1984 and 1985 was higher material costs. The next two most important reasons were high labor and overhead expenses.

The study indicated a significant increase in the number of people pointing to "higher overhead costs," as a pricing factor. It was mentioned by 30% in 1985 vs. 17% the prior year.

Another interesting fact the research report revealed was a slight increase in the number of companies with sales under $1 million in 1984, while the number of producers with sales exceeding $5 million declined slightly. The report suggested a possible resurgence of the small entrepreneur within the industry.

This "little guy" has to compete with foreigners as well as large domestic companies. "Increased competition from manufacturers with larger assets who are able to advertise on a national basis," was the chief concern for one of these entrepreneurs.

Wider Lead

(Continued from page 127)

2%.

Likewise, the report also broke out bath and closet accessories for the first time. Closet accessories was markedly less significant in terms of sales and the proportion of manufacturers involved in it than bath goods.

In the 1984 study, white remained the leading color preference in each of the five categories analyzed: bath accessories, closet accessories, kitchen appliances, outdoor products and accessories and serving and buffet products.

However, manufacturers polled in the report mentioned primary colors such as blue, yellow and red more often than in previous years.

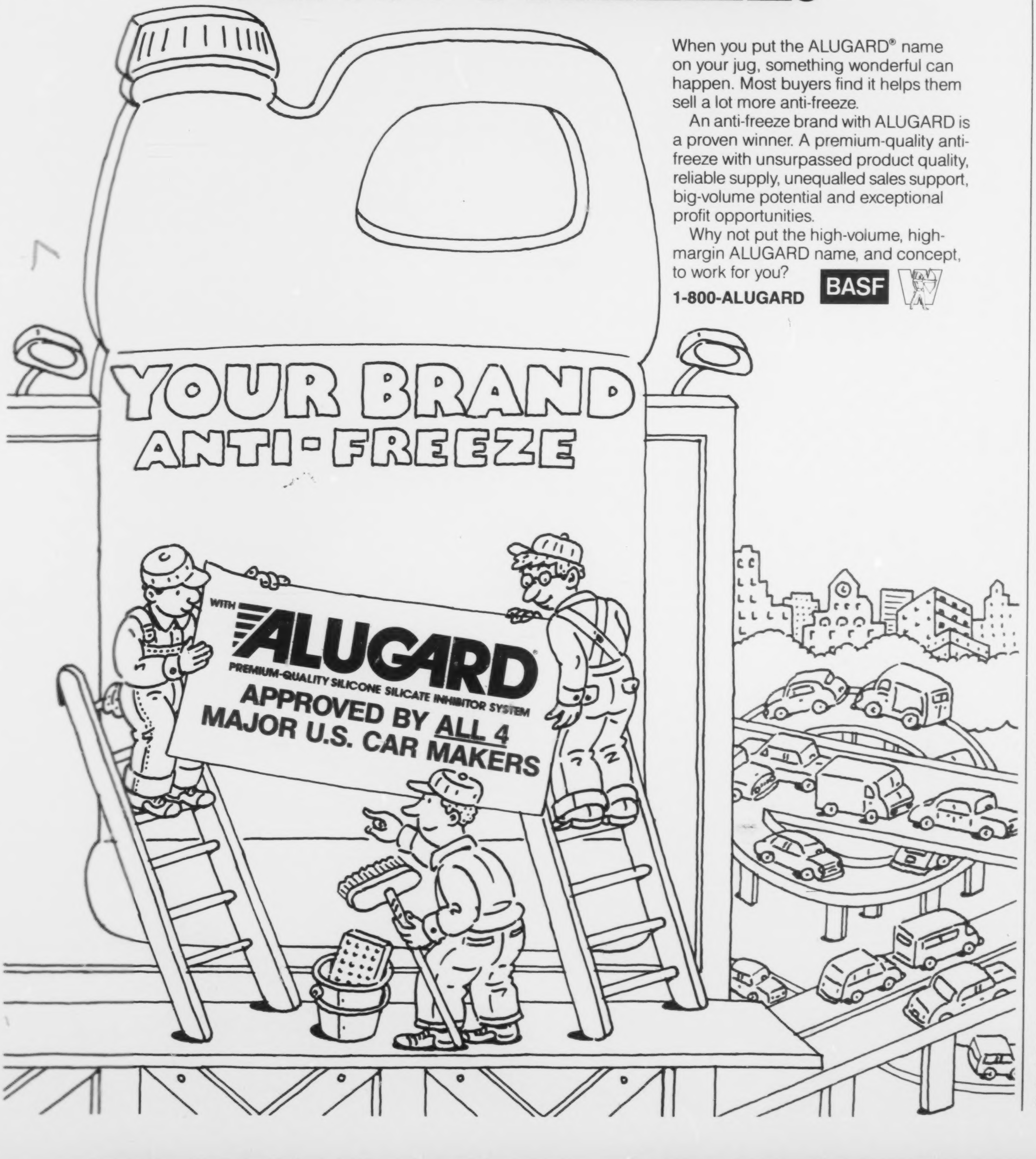
In both accessories blue remained the second leading shade while brown dropped from 1983's 10% to less than 5% in 1984. However, brown was quoted as the second most popular closet accessory color, with a 17% vote among producers polled, significantly behind top-selling white's 47%.

Narrowing the Gap

In kitchen appliances and accessories, almond followed white very closely as the second best-seller, with white mentioned by 42% of the respondents and almond cited by 41%.

The color forecast for 1985 indicates a leveling off in some areas of 1984's dominating white trend.

The report was conducted for the association by B. Angell & Associates, an independent market research firm. The results are based on responses from 578 housewares manufacturers from a mail-in questionnaire, representing 32% of the 1,807 exhibitors at the 1984 spring and fall NHMA International Housewares Exposition.



HOW TO SELL MORE ANTI-FREEZE:

When you put the ALUGARD® name on your jug, something wonderful can happen. Most buyers find it helps them sell a lot more anti-freeze.

An anti-freeze brand with ALUGARD is a proven winner. A premium-quality anti-freeze with unsurpassed product quality, reliable supply, unequalled sales support, big-volume potential and exceptional profit opportunities.

Why not put the high-volume, high-margin ALUGARD name, and concept, to work for you?

1-800-ALUGARD BASF

Leading Chains' Expenditures Rose a Third or More

Spot TV Use by Full-line Discounters Soared in '84

NEW YORK — Spot television advertising expenditures by leading full-line discount department stores soared last year, increasing by about a third or more at Wal-Mart, Zayre, Hills, Venture, Bradlees and K mart.

Target and Roses recorded lesser but still substantial gains in spot spending, according to figures from the Television Bureau of Advertising (TvB).

The group does not include K mart in its chart of leading discounter and cataloger spot spenders, listing the industry's giant in a separate grouping with Sears, Penney and Montgomery Ward (see "Big Four" table).

Adding It Up

With K mart's 43% spot spending jump added to the others, however, the total for the group last year grew 13% to $83,898,200 from $74,020,300 in 1983.

Without the Troy, Mich.-based K mart, TvB measured spot spending for the companies listed increased 9% to $70,992,000.

While most discounters registered strong gains led by the K mart increase, plus Wal-Mart's 45% spot spending growth to $11,836,800, Bradlees' 37% pickup to $2,474,300, and Zayre's 36% jump to $7,429,200, the two catalogers on the list both cut spot spending considerably.

Best Products' expenditures fell the most proportionately, slipping 36% from their 1983 level to $2,190,000 last year. Service Merchandise's spot spending dropped 20%, but from a much larger $5,862,800 base, totaling $4,713,100 for the latest year.

Other large declines in spot spending were reported for both Meijer's and Fred Meyer, 40% and 27%, respectively. In both instances, however, comparison with earlier TvB reports (not shown) reveals 1984 spending to be in line with that of earlier years' and the drop as coming off large 1983 gains. In Meijer's case that was a 63% increase over the year before.

Aside from K mart, the discount segment leader in spot spending for 1984 was Target whose 18% gain brought its total to $12,731,600. In 1983 Target led all discounters, including K mart, in spot television advertising expenditures with an outlay of $10,754,800.

Little Change

Spot expenditures in single markets by the discounters' top spenders showed little of the marked change reflected in the overall numbers.

While Smitty's outlays in Phoenix soared 141%, a spokesman for the chain said that only about 25% of the increase was for advertising general merchandise operations. The bulk was for food advertising.

The leading spot spender in a single market remained Gemco, with $2,676,600 spent in its Los Angeles home territory. Gemco's Los Angeles spending has, however, been on the decline for several years, falling 11% last year and 7% the year before. The dollars earmarked for a Los Angeles spot have also declined as a percentage of the chain's total spot spending: In 1984, 46% of the total went into the Los Angeles pot. In 1983, the figure was 53% and in 1982, 51%.

Rounding up last year's single market spot expenditures by the top discounters shows a considerable amount more money spent in Los Angeles than anywhere else. Making the list for their Los Angeles area spending besides Gemco, were Target and Zodys.

A Closer Look

Together the three spent $7,415,100 in Los Angeles television advertising in 1984, a slight total gain over the $7,158,000 the combo expended the year before. Zodys increased spending in the market was actually considerable, a 19% pickup to $2,200,400.

One last large change the TvB figures show is Wal-Mart's launch of heavy spot spending in the Houston market in 1984 with an outlay of $1,509,100.

Top Discount Department Store Spot TV Advertisers in a Single Market*

Chain	1983	1984	% Change
Gemco, Los Angeles	$3,003,600	$2,676,600	− 11
Fortunoff, New York	2,480,600	2,545,500	+ 3
Target, Los Angeles	2,305,500	2,538,100	+ 10
Fred Meyer, Portland	2,791,700	2,468,200	− 12
Zodys, Los Angeles	1,848,900	2,200,400	+ 19
Venture, Chicago	1,644,200	1,858,100	+ 13
Smitty's, Phoenix	765,700	1,841,600	+141
Zayre, Boston	1,513,900	1,630,300	+ 8
Wal-Mart, Houston	0	1,509,100	+ Inf
Wal-Mart, Dallas	1,493,300	1,409,700	− 6

*Most co-op activity is credited by BAR to the manufacturer and is not included in the above advertisers' data

Source: Television Bureau of Advertising from Broadcast Advertisers Reports data

Leading Discounter and Cataloger Spot TV Advertisers*

Chain	1983	1984	% Change
Target	$10,754,800	$12,731,600	+18
Wal-Mart	8,140,600	11,836,800	+45
Zayre	5,470,000	7,429,200	+36
Hills	4,523,700	5,922,100	+31
Gemco	5,653,200	5,472,800	− 3
Service Mdse.	5,862,800	4,713,100	−20
Venture	2,706,900	3,529,700	+30
Fred Meyer	4,586,900	3,361,800	−27
Roses	2,416,800	2,822,300	+17
Fortunoff	2,480,600	2,545,500	+ 3
Bradlees	1,803,400	2,474,300	+37
Zodys	2,205,600	2,285,000	+ 4
Best Products	3,431,600	2,190,100	−36
Richway	1,930,700	1,843,600	− 5
Meijer's	3,064,800	1,834,100	−40

*Most co-op activity is credited by BAR to the manufacturer and is not included in the above advertisers' data
Source: Television Bureau of Advertising from Broadcast Advertisers Reports data

Television Advertising Expenditures by the 'Big Four'

Chain	1983			1984			% Change
	Network	Spot TV	Total TV	Network	Spot TV	Total TV	
Sears	$115,895,600	$17,300,500	$133,196,100	$139,342,700	$19,918,900	$159,261,600	+20
K mart	23,539,300	9,017,900	32,557,200	42,088,300	12,906,200	54,994,500	+69
J. C. Penney	31,857,700	12,506,600	44,364,300	34,029,500	10,411,000	44,440,500	0
Montgomery Ward	33,300	9,289,900	9,323,200	0	10,353,600	10,353,600	+11

Source: Television Bureau of Advertising from Broadcast Advertisers Reports data

K mart, After 1983 Cut, Upped Payout For TV by 69% to $55M in 1984

NEW YORK — After cutting back television expenditures by 18% in 1983, K mart put its money behind last year's image-building and repositioning with a whopping $54,994,500 in total television ad spending, much of it devoted to supporting the Olympics.

The amount represented a 69% increase over television spending the year before and represented the largest proportional increase among the big four retailers as tracked by the Television Bureau of Advertising (TvB).

Furthermore it signalled a change in chain television advertising strategy, since the biggest part of the K mart increase came from an $18,549,000 (79%) jump in network spending.

Spot television expenditures were up a not inconsiderable 43%, but this contributed only $3,888,300 to the total gain.

Among the other national retailers only J. C. Penney failed to make a significant gain in total television spending. While Penney let its money ride in 1984 with almost exactly the same level of spending for both spot and network television advertising, both Sears and Montgomery Ward added to their spending by 20% and 11%, respectively.

Among the group, Sears was by far the biggest television spender with a total outlay of $159,261,600 last year, 87% in network advertising outlays.

Montgomery Ward lags. Total television expenditures by the Mobil-owned retailer totaled $10,353,600. All was for spot.

Local TV Estimated Expenditures*

Retailers	1983	1984	% Change
Conventional Dept. Stores	$163,585,000	$167,504,100	+ 2
Discount Dept. Stores	79,102,600	92,576,500	+17
Mail Order & Catalog Showrooms	20,940,400	22,046,900	+ 5
Shopping Centers & Assns.	17,580,100	19,593,000	+11
Variety Stores	8,496,700	5,867,300	−45

*Does not include co-op activity.
Source: Television Bureau of Advertising from Broadcast Advertisers Reports data in top 75 markets.

Specific Retailers' Local-TV Outlay

	1983	1984	% Change
Dayton Hudson	$25,321,700	$30,865,400	+22
Sears	22,864,100	27,816,700	+22
Federated Dept. Stores	24,546,000	26,422,100	+ 8
Lucky Stores	19,673,600	20,117,900	+ 2
May Dept. Stores	15,031,200	18,574,200	+24
Penney	16,255,900	14,169,600	−13
K mart	10,197,700	14,070,500	+38

Source: Television Bureau of Advertising from Broadcast Advertisers Reports data in top 75 markets.

PARKER

...The BRAND NAME of Blister Packaged Household Hardware...

The "6100 Line" consists of forty-nine of the fastest selling household hardware items. It is targeted at Drug Chains, Supermarkets and Picture Frame departments.

Categories represented include Push Pins, Thumbtacks, Hobby Wire, Decorative Hooks, Nails, Upholstery Nails, Mounting Tape, Mirror Holders, Screw Eyes, Picture Hangers, Cup Hooks, Brads, and Screw Hooks.

All cards have UPC symbols and are packed in 5 The Pack

Picture Hanging Kit
6115
12 SCREW EYES
6 HANGERS
Push
6142

76332 06103

"Parker offers the Best Quality at the lowest possible price"

PARKER METAL CORPORATION
P.O. BOX 128, WORCESTER, MA 01613 / (617) 791-7131

American Discovery Tours, Inc.
American Tourister, Inc.
AMF Alcort Sailboats
AMF American Athletic Equipment Corp.
AMF Ben Hogan Company
AMF Head Racquet Sports
AMF Voit, Inc.
AMF Whitely
AMTRAK
Armstrong Flooring
The Arrow Company
AT&T Technologies, Inc. — Computer Systems Division
Avis Rent A Car System, Inc.
Bermuda Travel Planners, Ltd.
Black & Decker (U.S.) Inc.
Britrail Travel International Inc.
Budget Rent A Car Corporation
Bulova Watch Company, Inc.
Bushnell, Division of Bausch & Lomb Incorporated
Carefree David Travel Company, Inc.
Carnival Cruise Lines
CasaBlanca Fan Company, Inc.
Century Products
Clairol, Incorporated
Costa Cruises
Cunard Line Limited
Docutel Olivetti Corporation
E.I. DuPont DeNemours & Company
Evans, Inc.
Fisher-Price
Friendship Jewelry
General Electric
The BF Goodrich Company
Gray Line Sight-Seeing Association
Greyhound Lines, Inc.
Hobie Cat
Honeywell Inc. — Protection Services Division
The Hoover Company
Howard Johnson Company
Kay Jewelers, Inc.
Kneissl
Levi Strauss & Company
Marriott Hotels & Resorts
Maxell Corporation
O.A.R.S. Inc. Sobek Expeditions Inc.
Ocean Cruise Lines
Olympus Corporation
PaineWebber Incorporated
Pioneer Electronics (USA) Inc.
Polaroid Corporation
Raleigh Cycle Company of America
RCA Records, Special Products
Remington Products, Inc.
Revere Copper and Brass Inc.
Ryder Systems, Inc.
Stanley Automatic Openers
Stanley Tools
Stouffer Hotels
Tandy Corporation
Thom McAn Shoe Company
Toyota Motor Sales, U.S.A., Inc.
Trak, Inc.
Trans World Airlines, Inc.
Travel Impressions
USA TODAY
Weber-Stephen Products Company
Western Airlines, Inc.
Windsurfing International
Xerox Corporation

Ad Age names "AT&T Opportunity Calling" one of 1984's Ten Best Promotions.

We at AT&T Communications take this opportunity
to thank our program participants
who made it all possible.

For more information on how you can
join one of the most innovative
marketing programs, call AT&T
Opportunity Calling, 1 (800) 232-3307.

AT&T OPPORTUNITY CALLING™

Total Sales by Merchandise Groups
(In Millions of Dollars)

Category	1980	1990 Existing Trend Continued	1990 The Forecast
Automotive	$352,512	541,346	438,200
Convenience Goods	354,996	444,658	406,400
Electronics	21,957	56,543	80,700
Apparel	99,358	137,476	115,500
Furniture, Home Furnishings	72,227	100,393	100,400
Home-Related goods, Services	92,781	134,996	114,300
Misc. Gen. Mdse.	23,176	33,708	38,900
Recreational Services	43,394	66,887	56,800
All Other Goods, Services	85,762	78,791	82,700

Source: Marketing Science Institute, Cambridge, Mass.

Fast Checkout, Strong In-stock, Broad Mix Seen Survival Keys

CAMBRIDGE, Mass. — Providing consumers with a strong in-stock position of a broad assortment of merchandise and fast checkout service will be the keys to discounters' survival during the next turbulent decade, according to a recent study on retailing marketing trends.

The changing demographic and economic makeup of the American marketplace —smaller families, older consumers and greater interest in savings and investments—means that retailers in general that can "effectively execute a sensible and coherent strategy" will face a bright future.

Turning to discounters, the study, *Future Trends in Retailing*, compiled by the Marketing Science Institute of Cambridge, said:

"Low-margin retailers who provide satisfactory assortments, good in-stock positions and reduce transaction time will flourish. The losers will be low-margin retailers who raise margins while emasculating assortments and front-end service."

Surviving will be a major challenge during the next decade, the study noted, as the growth outlook for the nation's retailers overall is dim; discounters and off-price retailers in particular can expect very limited sales gains during the next few years while growth in virtually every merchandise category—save electronics—will be sluggish.

The study was prepared by three leading observers of the retailing scene: Eleanor G. May, professor of Business Administration at the University of Virginia Graduate School of Business Administration; C. William Ress, founder and chairman of the consulting firm of C. W. Ress & Associates, and Walter J. Salmon, the Stanley Roth Sr. professor of retailing at the Harvard Graduate School of Business Administration.

Their problematical outlook for retailing was underscored by their prediction that the industry's annual growth rate in real dollars through 1990 will be only 2.3%, and will fall short of the nation's gross national product's projected annual 3.1% increase.

The study pegged consumers' shrinking disposable income—which is forecast as falling from the current 63% to 59% by 1990 —as the prime reason for the dull retail picture.

Caught in a Squeeze

Families will continue to be small and typically have only one or two children. They will spend more money on ever-rising housing, utility and medical costs, the study noted. In addition, consumers will be placing more high-interest-earning dollars into savings and investments.

General merchandise stores, in the next five years, are expected to increase their volume from 1980's $126.8 billion to $160 billion in 1990, only a 2.4% a year average increase. In contrast, annual growth in this retail segment from 1967's $85 billion to 1980's volume averaged 4.9%.

The only retailers targeted to fare reasonably well are home furnishings and appliance dealers with an 8.3% a year growth rate in the 10-year period from 1980 to 1990 anticipated. This projection reflects the population's growing interest in the home as a place to express individuality, according to the research, as well as the expected strength in retailing electronics goods.

While the study pointed to "unexciting growth" in almost every merchandise category, it expects electronics will thrive, enjoying a 14% average annual increase through 1990 in constant dollars. However, the study noted that by 1990 the strength will not be in electronics sales per se, but in the large number of computers that will be built into a wide range of products, from cars to watches.

Downturn Reported

Apparel, meanwhile, will be one of the poorest performers. The study pegged the downturn in this important discount store department to the declining teenage population, to an increase in the over-65 age group, and to attitudinal changes, which it contended will lead to a de-emphasis in fashion as a status symbol and a decrease in fads.

With 1980's apparel sales reported at $99.4 billion, the Institute study projected $115.5 billion for 1990, marketing a small average annual 1.6% increase for the decade.

Convenience goods—including food, alcohol, tobacco and health & beauty aids—will not even do that well; 1990's forecasted $406.4 billion reflects a 1.4% a year improvement over 1980's $355 billion.

Several relatively healthy categories are optical goods, expected to rise 5.9% annually, because of the growing senior citizen market and the "shift to glasses as a ward-

(Continued on page 146)

NOTICE TO RETAILERS

Periodically, 3M makes available advertising and promotional materials and allowances for retail items of the Household Products Division. These are available to all retailers regardless of size.

Contact your supplier or 3M representative for details of these allowances, or write to 3M Company, Household Products Division, 3M Center, 223-4S, St. Paul, MN 55144-1000.

3M

© 1985 3M

STATIONERY

OFFICE SUPPLIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	File Folder System Assorted Hanging	2,400	10.65	25,560
2	Copy Machine Paper Letter 500 CT	6,150	3.80	23,370
3	Copy Machine Paper Legal 500 CT	4,650	4.57	21,250
4	File Folder Hanging 10-Pack	3,920	5.24	20,540
5	Mead File Folders 48⅓ Cut	5,186	3.36	17,424
6	System Clasp Envelope 9 x 12 25 CT	6,552	2.19	14,348
7	System Clasp Envelope 10 x 13 25 CT	5,484	2.42	13,271
8	Telephone Address Book	3,210	4.02	12,904
9	Dome Weekly Bookkeeping Record	2,044	6.15	12,570
10	Avery File Labels White	10,584	1.00	10,584
11	Telephone Address Book	4,385	2.38	10,436
12	System Stiff Legal Pad	5,568	1.69	9,409
13	Index Cards Colored 3 x 5	13,080	0.72	9,417
14	System Clasp Envelope 6 x 9	5,808	1.59	9,234
15	Address Book Medium	5,232	1.76	9,208

BINDERS & PORTFOLIOS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Trapper Keeper Binder	21,163	5.66	119,782
2	Data Center Binder	10,112	5.66	57,031
3	Organizer Binder	5,887	5.56	32,790
4	Trapper Portfolio 2-Pocket	71,952	0.42	30,219
5	Care Bears Portfolio	48,528	0.50	24,264
6	Mead Flex 3 Notebook w/Pad	3,902	5.66	22,319
7	Critter Sitter Portfolio	39,936	0.50	19,968
8	Mead Garfield Portfolio	38,208	0.50	19,104
9	Duo Report Cover 3-Hole 2-Pocket	45,975	0.34	15,631
10	Ess 1½" Canvas w/Clip	5,622	2.41	13,549
11	Trapper Portfolio Fashion Assorted	24,048	0.47	11,302
12	Peanuts Portfolio	20,160	0.55	11,088
13	Scholar Set Filled Binder	1,891	5.66	10,854
14	Smurf Portfolio	21,408	0.50	10,704
15	Garfield Memo Book	20,112	0.54	10,860

SCHOOL SUPPLIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Binney & Smith Crayola Crayons 64's	25,344	2.47	62,599
2	Binney & Smith Crayola Crayons 24's	44,280	1.12	49,593
3	Binney & Smith Crayola Crayons 48's	17,982	2.07	37,222
4	Hunt Electric Pencil Sharpener	2,142	16.04	34,357
5	Sargeant Crayons 24's	34,692	0.82	28,447
6	Swingline Stapler Cub	8,264	3.31	27,353
7	Swingline Stapler with Staples	15,324	1.50	22,986
8	Poster Board White	93,600	0.21	19,656
9	Swingline Stapler Home & Office	2,474	7.72	19,099
10	Crayola Markers Fine	8,592	2.10	18,043
11	Hunt Bulldog Sharpener	6,288	2.82	17,732
12	School Bus Assorted School Bag	5,568	2.92	16,258
13	Hunt Bulldog Pencil Sharpener Vacuum	3,124	5.13	16,026
14	Dymo Label Maker	5,211	2.14	11,151
15	Swingline Staple 5M Plastic Box	10,536	1.05	11,062

PAPER & NOTEBOOKS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Filler Paper Wide 200 CT	283,824	0.94	267,532
2	Filler Paper Narrow 200 CT	147,218	0.93	136,912
3	Theme Book 5-Subject Wide 200 CT	48,744	1.41	68,944
4	Theme Book Wide 70 CT	61,800	0.50	30,900
5	Theme Book 3-Subject Wide 120 CT	26,544	0.90	23,889
6	Theme Book 3-Subject Wide 120 CT	17,856	1.17	20,891
7	Care Bears Theme Book	13,320	1.12	14,918
8	Theme Book 9½ x 6 College 150 CT	7,152	1.76	12,587
9	Theme Book College 100 CT	9,012	1.34	12,076
10	Theme Book 3-Subject College 120 CT	6,336	1.84	11,658
11	Theme Book 5-Subject College 200 CT	4,380	2.51	10,993
12	Critter Sitter Theme 70 CT	10,248	1.07	10,965
13	Theme Book 4-Subject 6-Pocket	3,849	2.97	11,470
14	5-Star Theme Book College 200 CT	2,640	3.97	10,480
15	Garfield Theme Book 70 CT	9,768	1.07	10,451

(Continued on page 146)

Stationery: Home-Office Role Grows

BY CHARLES BOWLUS
Vice President
Boston Distributors

The stationery and school supply department experienced its best year ever as home and office categories again led both sales and profit growth.

The home office increase, upgraded lines in school supplies and desk accessories and the intense competitive environment in the writing instrument category helped produce profits that offset lower margins resulting from higher paper prices.

Home office contribution to sales will increase even more in 1985 as most retailers are devoting more space to the category and as home and office consumers alike are beginning to come to the discount store first for their needs.

The file box and accessory category is expected to be the most volatile in 1985 with colors the driving force, especially in the desk accessory segment.

Sterling, with five sku's on the 1984 PMA, will capture a significant increase in shelf space and, consequently, sales due to the introduction of bright colors into its line.

More Winners

Esselte, showing the largest growth last year, captured the No. 1 spot on our PMA with its McFile and landed two new entries—the Tote File and the Decofile—on the listing in their first year with Boston.

These products are available in the same bright colors as Sterling, and the two lines create an impactive presentation when merchandised en masse.

Security chests and cash boxes fared well in this PMA with Rockaway's #H300 security chest taking our No. 2 spot and its #H260 cash box landing in No. 3.

File cabinets responded well to promotion and have found a permanent home on many of our large customers' planograms. We expect two-drawer file cabinets to outpace four-drawers in 1985 by a 4 to 1 margin.

The office supply category was led by Esselte's Hanging File Folders, followed by the big surprise in the PMA, copy machine paper in 500-count letter and legal sizes.

Mead's system line landed four sku's in the top 15, up from three put-ups last year.

An upgrading of several key systems items to the new Accuracy Line (similar to Stuart

(Continued on page 146)

Grand Auto Net For Year Drops

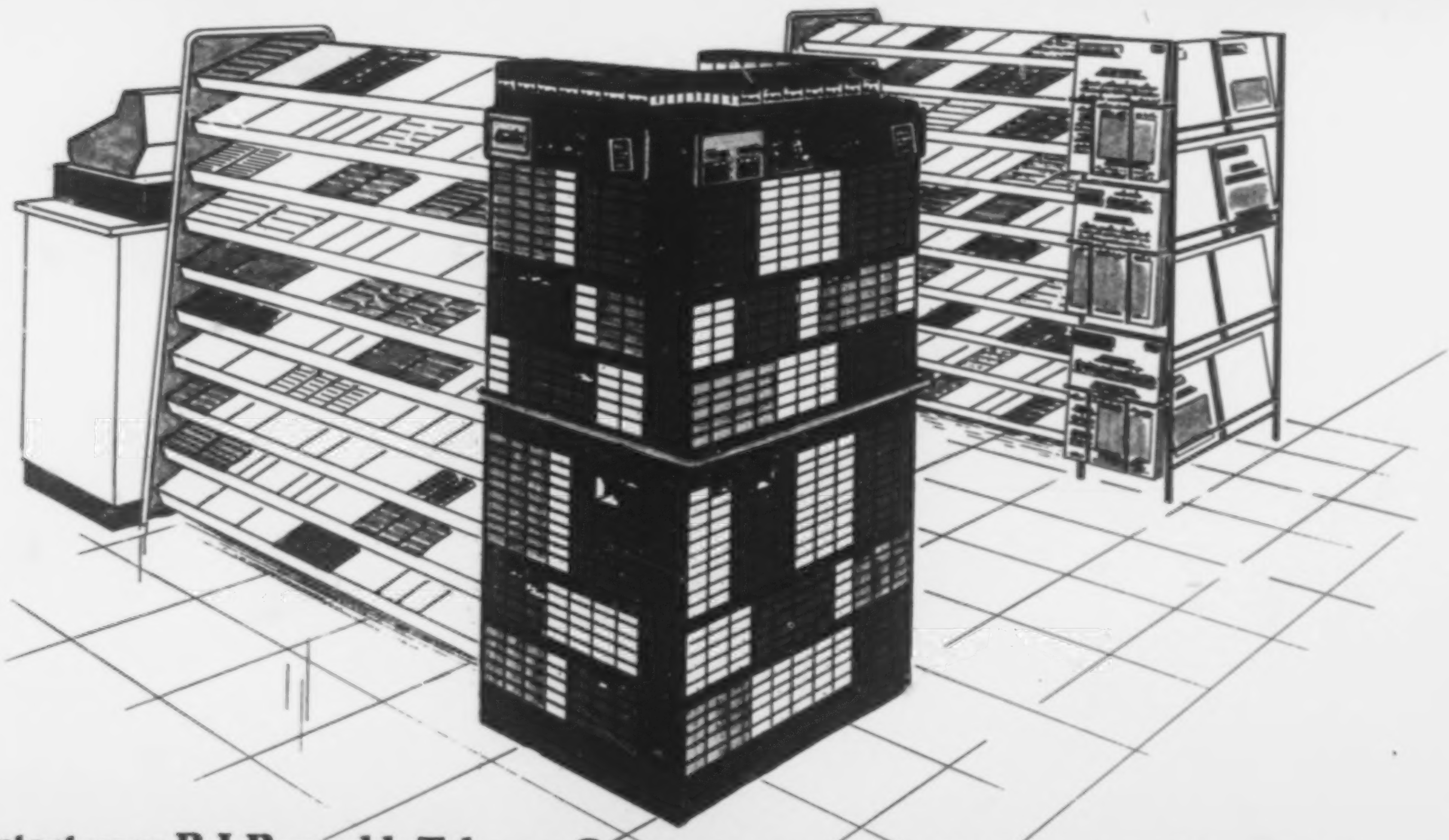
OAKLAND, Calif. — Grand Auto reported a $212,000 earnings decrease for the year ended Jan. 29, 1985: from $5,089,000 for the same period in the prior year to $4,977,000.

For the 52 weeks, sales were up 10.6% to $154,282,000 from $139,503,000 for the comparable period in the previous year.

Fourth-quarter earnings dropped from $1,445,000 to $1,031,000 for the quarter ended Jan. 27, 1985.

It's what's up front that counts.

R.J. Reynolds is committed
to maximizing your front end profits with
merchandising expertise and programs.



Contact your R.J. Reynolds Tobacco Company representative for complete details.

RJR TOBACCO

R.J. Reynolds. Dedicated to leadership through innovation.

Despite the popularity of licensed goods, Payless Drug, Beaverton, Ore., counted on basic blue canvas binders, priced at $3.59, to sell during last BTS season. Fast-turning stickers were placed nearby. (DSN photo)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	WRITING INSTRUMENTS			
1	Empire Pencils 10-Pack	199,104	0.52	103,534
2	Bic Biro 10-Pk Blue Medium	63,816	1.15	73,388
3	Papermate Write Brother 10-Pk Pen	58,682	1.15	64,550
4	Papermate Erasemate 3-Pk Blue Medium	37,476	1.33	49,843
5	Bic 10-Pk	42,716	1.13	48,269
6	Scripto 5-Pk Erasable Pens Blue	30,036	1.39	41,750
7	Crayola Markers Broad	18,552	2.22	41,185
8	Bic 4-Color Pen	17,316	1.49	25,800
9	Crayola Mark-a-Lot Black	35,148	0.58	20,385
10	Papermate Power Point 295 Slim	5,858	3.26	19,097
11	Papermate Pens 10-Pk	15,012	1.18	18,464
12	Crayons Liquid Broad	16,212	1.08	17,508
13	Bic Biro Pens 10-Pk	15,120	1.15	16,329
14	Papermate Jotter Ball Pen	5,080	2.49	12,649
15	Pentel Quicker Clicker Pencil	4,996	2.53	12,624
	TAPES & ADHESIVES			
1	Borden Elmers School Glue 4 oz	47,076	0.64	30,128
2	Scotch Utility Tape ½ x 800	42,096	0.47	19,785
3	Scotch Magic Tape ¾ x 300	22,056	0.66	14,556
4	Pentel Roll & Glue	19,932	0.73	14,550
5	Package Sealing Tape 1½ x 1,000	4,500	3.14	141,300
6	Tuck Cello Tape ½ x 1,000	32,256	0.41	13,224
7	3M Strapping Tape & Dispenser 1,100'	4,836	2.70	13,057
8	Borden Elmers School Glue 1¼ oz	29,220	0.44	12,856
9	Borden Wonder Bond Plus	6,900	1.83	12,627
10	Scotch Magic Tape ½ x 800	11,304	1.10	12,434
11	Dennison Glue Stick	22,020	0.55	12,111
12	Rubber Cement 4 oz	11,688	0.99	11,571
13	Scotch Magic Refill ¾ x 850	8,208	1.40	11,491
14	Scotch Transparent Tape ½ x 1,100	10,896	1.04	11,331
15	White Paste 5 oz	19,380	0.52	10,077

(Continued on page 148)

Home Office

(Continued from page 142)

Hall's Executive Line) follows the trend we are seeing across the department to build price points and profits.

Mead, like Stuart Hall and several other paper manufacturers, is taking this same approach in the school supply area with its 5 Star Line of theme books and this year's introduction of the Glare-Care line.

The upgraded items in school supplies are producing profits, but retailers should take care that the overproliferation of these products doesn't cut into their turns too heavily.

Traditional themes are, and always will be, the bulk of the business and will afford significant gross margin on a year-round basis. Two hundred count, five-subject themes, featured at $1 during the season, passed up 70-count as the No. 1 wirebound.

Filler paper with an average ad price ranging from 50¢ to 59¢, and an everyday average retail of 93¢, ended up No. 1 in the wide rule and No. 2 in the narrow.

College-rule theme books continued to grow in 1984 as the local discounter is taking away more and more business from the college bookstore.

Fashion, in themes and portfolios, was led by Care Bears followed by Critter Sitter and Garfield. This year will see a continuation of Care Bear and Critter strength but Transformers and Masters of the Universe will show more male influence on the segment this year.

Wuzzles and Cabbage Patch will take up the slack from Garfield's and Smurf's decline in 1985.

The greatest opportunity for improvement in school supplies lies in out-of-season promotion of theme books and writing instruments. The retailer who advertises basics regularly in price point montages from Oc-

(Continued on page 148)

Survival

(Continued from page 140)

robe item"; sporting goods, up 3.9% because of growing interest in recreational activities, and toys, up 7.2% because of more first births and the growing portion of this business tied to electronic sales.

The report also analyzed growth trends among retail mail order and direct selling outlets. It said mail order retailing will continue to grow, as it did from 1970 to 1980, at a rate twice as fast as store retailing; its annual average increase in the 1980's will be 6.3% in real dollars.

The success of this market is based upon the continued well-being of existing companies, while the many new catalogs launched each year will not survive long. The real growth here, however, is more reflective of phone ordering and the gradual emergence of computer-based ordering than of traditional mail order selling.

While computer-generated sales are not expected to be strong in the 1980's they may take off after 1990, predicted the study.

Retailers: There's a big something extra in our number-one promotion for summer

Your customers get free gasoline from us when they buy SHELL FIRE & ICE® from you

Schedule this promotion for any 30 days from May 1 to August 31. Then go for it. This terrific new promotion has lots of appeal.

Yes, free gasoline *or* free motor oil, whichever your customer chooses. Watch customers come running in when they hear about our newest offer: *free gasoline*. We also make a strong optional offer (for people who live in areas where Shell gasoline is not available): free motor oil. The customer makes his choice of offers when he sends us the P.O.S. certificate.

And all *you* have to choose is whether you want to go with the $2 or the $4 offer—which will your customers like best?

$2 worth of Shell gasoline or Shell Motor Oil *free* with purchase of 5 quarts of Shell Motor Oil
or
$4 worth of Shell gasoline or Shell Motor Oil *free* with purchase of 12 quarts of Shell Motor Oil

Where do your customers get their free gasoline? At any participating Shell stations when they redeem their gasoline coupons.

Here's what we offer you to make this a hot summer promotion:
- $1/case allowance on products you purchase and advertise
- $2/case allowance on all products bought during the promotion
- An additional $1/case Grand Opening allowance
- Plus ad slicks, radio copy, shelf talkers, rebate coupons

Call your Shell Representative now to order:
New York: Jimmy Jones, (201) 325-5497
Chicago: Tom Walsh, (312) 887-5775
Detroit: Larry Polich, (313) 855-9000
Los Angeles: Nancy Curry, (714) 991-9200

Shell

Shell
FIRE & ICE

STATIONERY

STATIONERY & NOTES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Palette Letters Tablet	3,936	1.24	4,880
2	Boxed Country Applique	1,320	3.68	4,857
3	Critter Sitter Tablet	4,464	0.97	4,330
4	Mead Human Beans Tablet	2,976	1.38	4,106
5	Notes—December Assorted	3,432	1.11	3,809
6	Moods in Blue Tablet	5,040	0.75	3,780
7	Garfield Tablet	3,660	0.97	3,550
8	Favorite Tablet 36 CT	3,696	0.96	3,548
9	Mead Lace Tablet 90 CT	2,640	1.34	3,537
10	Boxed—Critter Sitter	1,812	1.86	3,370
11	Boxed—Boutizue Assorted	1,224	2.59	3,170
12	Decorated Letter Tablet	4,068	0.75	3,051
13	Tablet Plain 5 x 8 60 CT	4,452	0.68	3,027
14	Boxed—Design Series	792	3.68	2,914
15	Sang Victoria Plum Boxed	1,008	2.80	2,822

PARTY SUPPLIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Assorted Balloons	28,800	0.78	22,176
2	Fluorescent Color 28 PC	56,592	0.27	15,279
3	Party Balloons	7,742	0.78	6,046
4	Dennison Streamer White 81′	10,511	0.55	5,781
5	Birthday Balloons	6,768	0.78	5,279
6	Water Balloons	5,688	0.78	4,436
7	Dennison Streamer Happy Birthday	6,758	0.61	4,122
8	Squawker Balloons	4,452	0.90	4,006
9	Dennison Streamer Primrose Yellow	7,200	0.55	3,960
10	Dennison Streamer Pink	7,172	0.55	3,944
11	Assorted Cocktail Npakins	4,344	0.88	3,822
12	Dennison Streamer Ice Blue	6,753	0.55	3,714
13	Large Balloons 20 CT	4,548	0.80	3,638
14	Dennison Streamer Flame Red	6,367	0.55	3,501
15	Hang One Balloons 80 CT	3,396	0.96	3,260

TYPING SUPPLIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Liquid Correction Fluid White	22,188	1.06	23,519
2	Typing Paper 200 CT	23,208	1.47	34,115
3	Eaton Type Packet Erasable 16 lb	7,032	2.26	15,892
4	Type Tablet Erasable	9,300	1.65	15,345
5	Data Steno White 80 CT	33,024	0.46	15,191
6	Erasable Type Tab 40 CT	11,016	0.97	10,685
7	Typing Tablet 40 CT	14,004	0.76	10,643
8	Mead All Calculator Rolls	5,604	1.29	7,229
9	Carter Expert Corrective Tabs	6,876	1.00	6,876
10	Twin Spool Type Ribbon #01	2,352	2.06	4,845
11	Carter Universal Type Ribbon	2,580	1.43	3,689
12	Carter Carbon Paper 12 CT	5,088	0.72	3,663
13	Typing Paper 200 CT	1,776	1.79	3,179
14	Twin Spool Type Ribbon #04	1,530	2.05	3,136
15	Onionskin Paper 30 CT	3,036	1.03	3,127

FILE BOXES & DESK ACCESSORIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Essoltate McFile Box 40780	1,140	14.34	16,347
2	Rockaway Security Chest H300	1,074	13.46	14,456
3	Rockaway Cash Box H260	1,307	10.14	13,252
4	Essoltate Tote File Blue 4060	1,392	6.89	9,590
5	Ste Desk Tray with Cutout 282	3,322	2.88	9,567
6	Rolodex Covered S300C	1,322	7.15	9,452
7	Rolodex Decorated File VIP24	789	11.16	8,805
8	Ste Drawer Organizer Smoke 299	3,664	2.28	8,353
9	Ste Desk Mate 288K	2,352	3.46	8,137
10	Rockaway Bond Box H250	864	8.69	7,508
11	Rolodex Petite Organizer RP100	578	11.49	6,641
12	Essoltate Decofile Assorted Colors 40795	2,352	2.80	6,585
13	Ballanoff Super Porta-File Folder 2[illegible]12T	590	10.59	6,248
14	Ste Memo Holder 4 x 6 Smoke #285	1,745	3.24	5,653
15	Ste Pencil Cup #287	2,652	2.08	5,516

Source: Boston Distributors, Maple Heights, Ohio, for calendar 1984. Boston supplies over 750 stores, including about 400 discount stores, in 18 states. Average retail prices listed by the distributor reflect typical price points for discount stores.

Home Office

(Continued from page 146)

tober through April will bring heavy consumer traffic to a very profitable aisle.

The writing instrument department was hotter than ever in 1984 with Bic, Papermate and Scripto vying for the big dollars.

Empire's 10-pack pencils, featured from 39¢ to 2/$1, again took top honors with Bic's Biro 10-packs coming in second.

Ten-packs jumped in front of erasables in 1984 with Papermate scoring in the No. 3 position and the Bic Stick 10-pack ending up No. 5.

Erasermate's 3-pack edged out Scripto's 5-pack for top honors in this segment, but Scripto outscored Gillette's brand when all put-ups were tabulated.

The pen segment should get even hotter in 1985 with prices remaining very competitive and marketing plans, including cash rebates for full purchase price, improving significantly this year.

Promotions which tie in to manufacturer refunds and which are prominently displayed in the store will effect substantial increases in business.

Out-of-season promotion of basic back-to-school items will create even more plus sales as the impulse nature of the category will become evident as more customers are brought to the aisle.

Year-round promotion of home and office products and impactive presentation of this section will complete the strategies needed to maximize the sales and profitability of this important growth department.

Recruiting

(Continued from page 104)

cludes 20 half-day sessions on topics such as assortment planning, vendor relations, customer safety, product liability and open-to-buy.

Once promoted to associate buyer, where they generally stay two years, they attend trade shows, visit vendors with a buyer and are responsible for a classification, say, such as glassware or flatware. When made a full buyer, the person also travels abroad to import and gets a broader buying responsibility such as decorative tabletop, Schmelzer explained.

Gold Circle's network includes two gmm's, 10 dmm's, 50 buyers, 25 associates and 25 assistants. "We don't run an up or out situation," said Schmelzer. "If people want to stay at a level, we encourage it for stability."

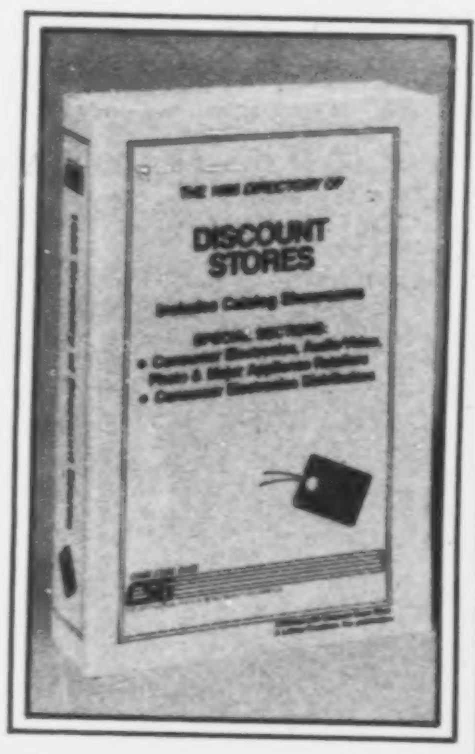
The program doesn't restrict the chain from recruiting outside, however. "If we wanted to be more aggressive, say, in maternity or plus sizes and had an opening, we might look at a Lane Bryant buyer," said Schmelzer.

To help new buyers like that oriented toward Gold Circle, the chain last year began semiannual seminars that are run by dmm's, she said.

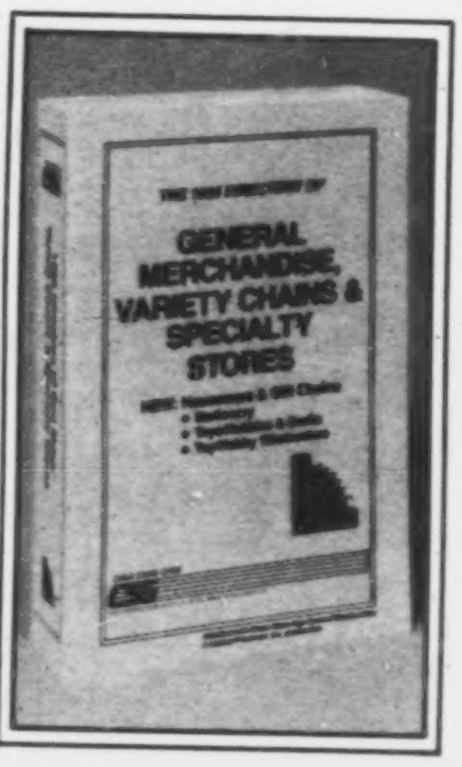
HOW CAN YOU BE SURE YOU'RE COVERING THE MARKET?

For over 50 years, CHAIN STORE GUIDES have provided manufacturing and service businesses with comprehensive, accurate and up-to-date sales information on all the major retail and wholesale sectors throughout the country. These guides have helped thousands of sales and marketing professionals to increase their sales, broaden their distribution, identify their industry's key decision-makers, stay on top of major industry changes and merchandising trends, and maintain hands-on control of their respective markets.

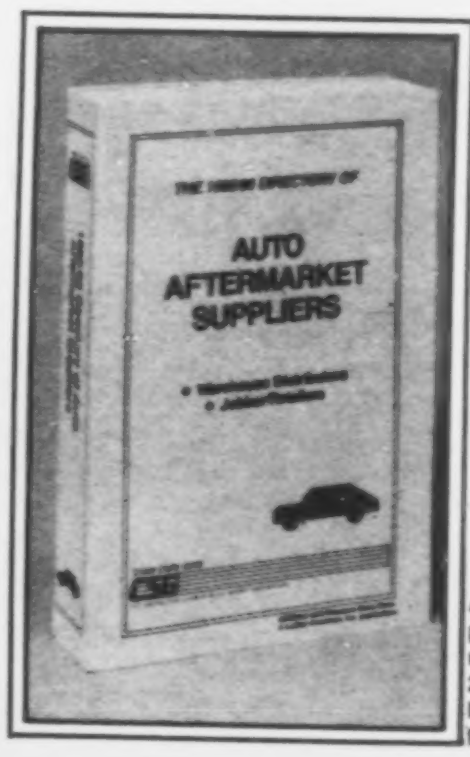
Whether they're used as a telemarketing tool or as a source for uncovering new leads and compiling direct mail lists, Chain Store Guides are the most reliable sources of timely market information available and will assure you of getting maximum sales coverage for your products!



Discount Stores—Complete company profiles on over 350 discount store companies operating 8,100 stores. Also included in three separate sections are: 1,600 catalog showrooms; 3,700 consumer electronic, audio & photo retailers, and 225 CE distributors. Published annually in March.



GM/Variety Chains—Complete company profiles on 750 GM/Variety store chains operating over 20,000 stores. Also included in four separate sections are: 1,600 houseware & gift chains; 400 toy/hobby & craft chains; 500 toy & hobby wholesalers, and 950 stationery chains. Published annually in April.



Auto Aftermarket Suppliers—Complete company profiles on 1,900 automotive jobber/retailers operating over 20,000 stores as well as 680 warehouse distributors and their branch offices. Published biennially in December.

Order your new Chain Store Guides by using the coupon below.

YES! Please send me the following CHAIN STORE GUIDE directories:

QTY	DIRECTORY	PRICE
______	1985 Discount Stores/Catalog Showrooms	$169
______	1985 GM/Variety Chains & Specialty Stores	$159
______	1985/86 Auto Aftermarket Suppliers	$149

☐ **I am also interested in obtaining the information contained in these directories on magnetic tape or diskette. Please have a salesperson contact me with more information.**

Name ______________ Title ______________
Company ______________ Phone # ______________ (area code)
Address ______________
City ______________ State ______________ Zip ______________
Signature ______________
Product Sold ______________ Date ______________

CHAIN STORE GUIDE
CSG
425 Park Avenue
New York, NY 10022
(212) 371-9400
A subsidiary of Lebhar-Friedman, Inc.

☐ Bill Company (subject to credit approval)
☐ Check Enclosed
☐ Please Charge: ______ American Express ______ Visa ______ MasterCard
A/C# ______________
Exp. Date ______________

Please add applicable sales tax (NY/CA) and $3.00 shipping & handling per shipment. Prices subject to change.

CHAIN STORE GUIDE
CSG
THE LEADING PUBLISHER OF RETAIL MARKET INFORMATION • DATA-BASE MARKETING

HOUSEWARES

COOKWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Ekco 64330 bakers db cake pan	30,061	3.95	118.740.95
2	Ekco 64110 bakers cookie sheet	26,909	4.40	118,399.60
3	Ekco 64100 bakers cookie sheet	23,284	3.95	91,971.80
4	Ekco 64260 bakers roast/bake pan	14,372	5.39	77,466.08
5	Ekco 64200 bakers 12-cup muffin	16,214	4.76	77,178.64
6	Foley 38279 12-in saute pan	6,873	10.79	74,159.67
7	Foley 38079 10-in saute pan	8,964	8.09	72,518.76
8	Normandy 312G 12-qt saucepot bone	4,227	14.39	60,826.53
9	Ekco 54110 cookie sheet	22,556	2.69	60,675.64
10	Ekco 64900 9-pc bakers secret set	1,920	26.09	50,092.80
11	Hillside HM60SP spring form pan	6,609	7.19	47,518.71
12	Mirro C5509/2292CN 9-cup perk	5,174	8.99	46,514.26
13	Ekco 64470 bakers loaf pan	12,493	3.59	44,849.87
14	Ekco 54330 roasting pan	18,525	2.33	43,163.25
15	Hillside HM50 SP layer cake-loose btm	5,700	7.55	43,035.00

BATH

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Selfix N443 Portable shower spray	7,024	10.34	72,628.16
2	Magnolia M100 molded toilet seat white	6,444	9.44	60,831.36
3	Selfix 2253 large shower caddy	11,229	5.12	57,492.48
4	Selfix C441 shampoo spray	22,255	2.29	49,851.20
5	Magnolia M3000A padded seat white	2,320	17.54	40,692.80
6	Ekco 38110 18-in towel bar	14,450	2.69	38,870.50
7	Selfix 2110 twin hooks	26,163	1.43	37,413.09
8	Selfix 2251 shower caddy	11,351	3.14	35,642.14
9	Ekco 38890 toilet tissue holder	13,007	2.51	32,647.57
10	Ekco 38170 24-in towel bar	10,644	3.05	32,464.20
11	Ekco 38160 24-in twin towel bar	6,391	4.76	30,421.16
12	Ekco 38120 12-in towel bar	11,633	2.42	28,151.86
13	Selfix 2274 24-in towel bar	12,282	2.24	27,511.68
14	Selfix 2298 tissue holder	12,426	2.15	26,715.90
15	Selfix 2273 18-in towel bar	12,615	2.06	25,986.90

CORNING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Visions 1-qt cov sauce pan	11,394	13.49	153,705.06
2	V300 Visions 6-pc pan set	2,789	43.37	120,958.93
3	P104-8 Spice teapot	3,046	18.89	57,878.96
4	V20 Visions cov double boiler	1,970	26.99	53,170.30
5	F2 French White 2.5 oval cov casserol	2,320	20.96	48,627.20
6	A21 roaster	2,088	22.49	46,959.12
7	F14 French White 4-qt cov oval cass	1,537	28.16	43,281.92
8	P100 3-pc Menuette set	1,605	25.19	40,429.95
9	F260 French White 3-pc set	1,339	30.14	40,357.46
10	F21 French White 4/5-qt open roaster	1,477	27.26	40,263.02
11	P104 teapot	2,170	17.09	37,085.30
12	P168-57 teapot 8-cup choc	1,516	23.12	35,049.92
13	P168-58 teapot 8-cup lemon	1,487	23.12	34,379.44
14	F330 French White 4-pc set	690	49.49	34,148.10
15	P168-60 teapot 8-cup blueby	1,312	23.12	30,333.44

RUBBERMAID

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2864 Fliptop basket choc	12,723	8.54	108,654.42
2	2965 Laundry basket choc	17,408	5.93	103,229.44
3	2965 Laundry basket almond	17,177	5.93	101,859.61
4	6032 Drainer almond	14,725	6.74	99,246.50
5	0450 Bath mat white	24,337	3.86	93,940.82
6	0450 Bath mat lt blue	23,357	3.86	90,158.02
7	2864 Fliptop basket almond	10,135	8.54	86,552.90
8	2850 Lft lid basket choc	9,619	8.54	82,146.26
9	6032 Dish drainer choc	12,078	6.74	81,405.72
10	2850 Lft lid basket almond	9,284	8.54	79,285.36
11	2951 Dishpan almond	23,661	3.32	78,554.52
12	2858 Step-on wastebasket choc	5,832	13.13	76,574.16
13	6008 Drainer almond	12,944	5.84	75,592.96
14	2845 Basket choc	15,479	4.85	75,073.15
15	2951 Dish pan choc	22,242	3.32	73,843.44

TABLE TOP

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Corelle 16-23 16-pc set MB	10,191	32.84	334,672.44
2	Corelle 16-4 16-pc set gold	9,792	32.84	321,569.28
3	Corelle 16-5 16-pc set blue	8,020	32.84	263,376.80
4	Corelle 16-1 16-pc set green	7,600	32.84	249,584.00
5	Expressions 2020-13 20-pc set Meadow	2,460	65.69	161,597.40
6	Expressions 2020-12 20-pc set Indian Summ	2,267	65.69	148,919.23
7	Expressions 2020-7 20-pc set Wildflower	2,248	65.69	147,671.12
8	Corelle 16N 16-pc set white	3,916	32.84	128,601.44
9	Dimensions IV 3216-32 16-pc set cin	2,153	47.69	102,676.57
10	Corelle 2 2025 20-pc set Solitr	1,890	48.59	91,835.10
11	Dimensions IV 3216-34 16-pc set slt	1,799	47.69	85,794.31
12	Dimensions IV 3235-34 35-pc set slt	734	110.24	80,916.16
13	Corelle 2 20-95 20-pc colonial	1,622	48.59	78,812.98
14	Corelle 2 20-26 20-pc F Spray	1,488	48.59	72,301.92
15	Corelle T20-82 20-pc Cornerstone cb	751	86.39	64,878.89

PLASTICS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Tucker T334 22-gal trash can	6,610	8.99	59,423.90
2	Eagle E2757 2-qt juice decnt clear	25,175	1.97	49,594.75
3	Sterlite 7400 jumbo storage box	7,648	6.11	46,729.28
4	Loma 364 32-gal ref cnt locklid	3,710	12.32	45,707.20
5	Sterlite S2122 2-qt refrige bottle	15,726	1.97	30,980.22
6	Sterlite 4400 large storage box	6,831	4.49	30,671.19
7	Eagle E2755 juice dispens	24,427	1.25	30,596.25
8	Vanderbilt 751 nylon baster	23,085	1.25	28,856.25
9	Artisan 7375 16-pc set fall flower	1,962	13.49	26,467.38
10	Aristo-Mat CS53D decor cutting board	4,104	6.29	25,814.16
11	Sterlite 1100 small storage box	12,618	1.79	22,586.22
12	Artisan 7308 16-pc del set Glenwood	1,662	13.49	22,420.38
13	Schulte 1248W shelf rack 12 x 48	1,452	14.39	20,894.28
14	Beacon L85 paper towel holder	10,130	2.06	20,867.80
15	Schulte 1236W shelf rack 12 x 36	1,578	11.69	18,446.82

PYREX

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	233 Utility dish	16,395	6.74	110,502.30
2	2330 3-qt Bake dish + basket	6,014	17.81	107,109.34
3	463D Custard cup	25,202	3.77	95,011.54
4	2344 Oblong bake dish	9,242	8.90	82,253.80
5	516 Measure cup	24,022	3.14	75,429.08
6	232 Utility dish	12,841	5.84	74,991.44
7	532 Measure cup	15,201	4.67	70,988.67
8	6230F Cov cass & basket, Fireside	6,696	10.52	70,441.92
9	508 Measure cup	25,779	2.60	67,025.40
10	6840 2-qt Casserole + basket	3,744	17.81	66,680.64
11	2296 Pie plate	21,673	3.05	66,102.65
12	440-95 4-pc Bowl set Colonial	3,507	17.91	62,810.37
13	2320F 2-qt Bake dish & basket	4,821	11.60	55,923.60
14	440-80 4-pc Bowl set Shenandoah	3,020	17.91	54,088.20
15	440-61 4-pc Bowl set, Forest	2,888	17.91	51,724.08

GADGETS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Swing Away 407-21 hand can opner	20,914	5.03	105,197.42
2	Swing Away 107 junior can opner	29,385	2.60	76,330.80
3	Intermatic D111B plug-in timer	8,451	8.99	75,974.49
4	Intermatic D811B cordless timer	5,804	12.59	73,072.36
5	Range Kleen 102 8-in reflector	18,677	3.05	56,964.85
6	Range Kleen 101 6-in reflector	21,489	2.60	55,871.40
7	Intermatic D711B supercop plug-in timer	5,071	10.79	54,716.09
8	Ekco 00050 stainless peeler	33,252	1.61	53,535.72
9	Rhodes 29031-UC timer white	6,889	7.64	52,631.96
10	Rhodes 29035-UC timer almond	6,224	7.64	47,551.36
11	Ekco 08840 4-way can opner	27,288	1.61	43,933.68
12	Helmac 39RC lint refill	21,000	2.06	43,260.00
13	Range Kleen 105A GE/Hotpoint reflector	27,500	1.43	39,325.00
14	Vanderbilt 103 mouse trap 2-pk	44,165	0.89	39,306.85
15	Range Kleen 106A GE/Hotpoint reflector	19,799	1.97	39,004.03

(Continued on page 152)

Basics Biz Seen Ruling Housewares

By Harold Rubin
president,
HalMar Distributors

Despite soft sales reported by many discount chains for the fiscal year just ended, we saw strong sales performance in the housewares categories we handle. This was especially true in the closing months of 1984, and the first months of 1985 when we went in to refill basics stocks—which at many chains we found entirely wiped out.

We never before experienced such a decimation of basic products. And, we expect the current consumer attitude to favor basics over big-ticket items, to characterize business throughout 1985.

PRODUCT MOVEMENT AUDIT

Thus, even in two areas where buyers were favorably impressed with what they saw at the recent housewares show in Chicago—microwave cookware and under-the-counter electrics—inventory management concerns will dictate stocking positions rather than an impulse to salt departments with new products.

Regional preferences will also dictate a lot of what happens. In many parts of the country, microwave ovens have yet to find their way into many households, obviously significantly limiting the market for microwave cookware.

In the Northeast, however, we find that there is strong, and growing consumer acceptance for the ovens. Thus, we expect to see a rapid acceleration of last year's meager 4% share, which should translate into strong microwave cookware sales for chains in this region.

We advise our customers to avoid overassorting the category, and to stock a maximum of three lines with a good and better retail pricing strategy.

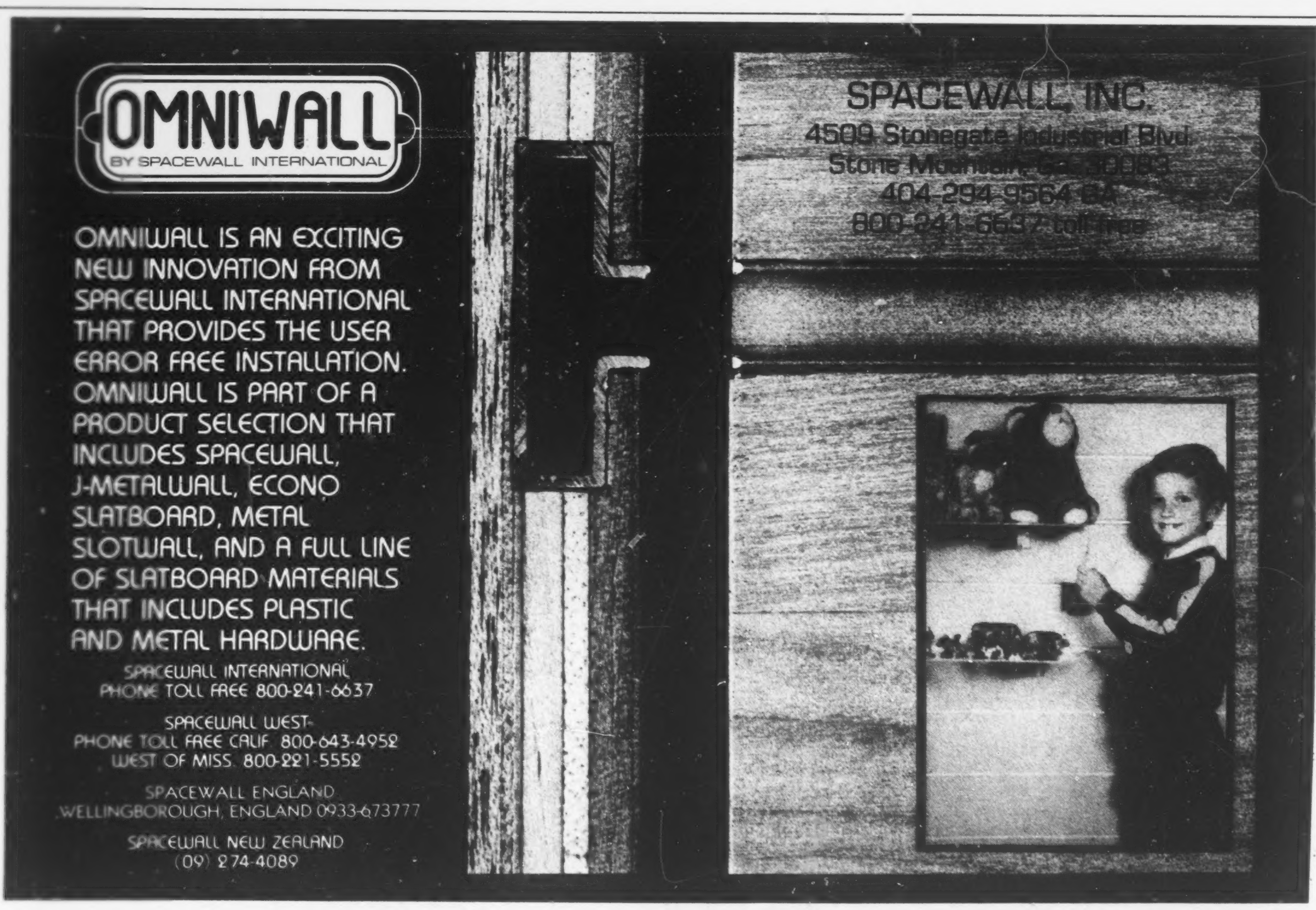
In 1984, our best sellers in this area were a bacon rack from Anchor, which carried an average retail of $7.37; Anchor's corn popper, $13.49, and a Corning grill, at $31.49. The No. 1 unit and dollar volume spot earned by the bacon rack was tied directly to the item's success as a promotable item during the year.

Food storage will continue to surge this year—directly tied to its success as a promotable item. Improved packaging, stepped-up advertising support and new-product entries from manufacturers like Rubbermaid, Eagle and Republic should also continue to spark strong sales in the category.

Overall, most discounters are keeping their housewares departments and category footage allocations stable, and using promotions more and more to produce sales gains. In 1984, we saw chains, particularly in the Northeast, buying items for promotions they didn't normally carry for no reason other than to increase sales volume.

We expect this trend to continue in 1985.

(Continued on page 152)



OMNIWALL
BY SPACEWALL INTERNATIONAL

OMNIWALL IS AN EXCITING NEW INNOVATION FROM SPACEWALL INTERNATIONAL THAT PROVIDES THE USER ERROR FREE INSTALLATION. OMNIWALL IS PART OF A PRODUCT SELECTION THAT INCLUDES SPACEWALL, J-METALWALL, ECONO SLATBOARD, METAL SLOTWALL, AND A FULL LINE OF SLATBOARD MATERIALS THAT INCLUDES PLASTIC AND METAL HARDWARE.

SPACEWALL INTERNATIONAL
PHONE TOLL FREE 800-241-6637

SPACEWALL WEST-
PHONE TOLL FREE CALIF. 800-643-4952
WEST OF MISS. 800-221-5552

SPACEWALL ENGLAND
WELLINGBOROUGH, ENGLAND 0933-673777

SPACEWALL NEW ZEALAND
(09) 274-4089

SPACEWALL, INC.
4509 Stonegate Industrial Blvd.
Stone Mountain, GA 30083
404-294-9564 GA
800-241-6637 toll free

HOUSEWARES

Discounters like Bigg's, Cincinnati, are trying to raise their small share of the exploding mini-blind business by carrying stock mini-blinds with DIY information hung above, along with standard window shades. (DSN photo)

GLASSWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Anchor 3600/672A entertainer set	7,747	30.59	236,980.73
2	Anchor 3600 24-pc cryst Newport	5,872	16.19	95,067.68
3	Anchor PM 486/T1 divided dish w/cov	8,280	7.19	59,533.20
4	Libbey 82486T 24-pc Bolero Tawny	3,262	17.99	58,683.38
5	Libbey 81837D 18-pc Capri blue	4,034	14.39	58,049.26
6	Libbey 82486D 24-pc Bolero blus	3,201	17.99	57,585.99
7	Libbey 81837T 18-pc Capri tawny	3,957	14.39	56,941.23
8	Libbey 82437D 24-pc bl count squire	1,586	29.69	47,088.34
9	Libbey 81837K 18-pc Capri gold	2,785	14.39	40,076.15
10	Libbey 82430K 24-pc Country Garden gold	1,508	23.39	35,131.78
11	Anchor BB 3100/324 18-pc Plaza black	2,409	14.30	34,448.70
12	Libbey 82482 24-pc Chivalry	1,293	26.09	33,734.37
13	Anchor 4523 Wexford butter/w cov	15,314	2.15	32,925.10
14	Libbey 8476 Grande tulip 9 oz	12,695	2.51	31,864.45
15	Anchor 4525 Wexford salt & pepper	12,524	2.15	26,926.60

MICROWAVE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Anchor PM 469/T1 bacon rack	16,719	7.37	123,219.03
2	Anchor PM400/126 corn popper	8,856	13.49	119,467.44
3	Corning MW-2 grill	3,023	31.49	95,194.27
4	Corning MWA cov browning skillet	2,726	31.49	85,841.74
5	Corning MW116 5-pc set	2,238	35.99	80,545.62
6	Corning MW-11 browning grill	3,829	20.24	77,498.96
7	Anchor PM481/Ti Versatility	8,867	7.19	63,753.73
8	Nordic 62304 Micro-go-round	1,378	43.19	59,515.82
9	Anchor PM444/Ti cookie sheet	7,195	7.19	51,732.05
10	Rubbermaid 8534 8-pc cook set	960	39.59	38,006.40
11	Corning MC6 divided dish	1,721	18.89	32,509.69
12	Anchor PA600-112 turntable	722	41.39	29,883.58
13	Anchor PM447/Ti muffin tin	4,058	7.19	29,177.02
14	Anchor PM480/Ti 4-qt sim cook	2,058	13.76	28,318.00
15	Anchor PM497-W1 cookshelf	2,059	13.49	27,775.91

Source: HalMar Distributors, Holyoke, Mass., for the full calendar year 1984, covering more than 500 stores, including 400 full-line discount stores from New England to the Carolinas. Average retail prices reflect typical price points for discount chains.

Basics

(Continued from page 150)

As a result, the competition in newspaper ads and circulars is becoming very stiff. This, in turn, is forcing buyers to become more imaginative to create distinctive promotions for their chains. Working against them, however, is the consolidation of the industry; fewer new products and a shrinking pool of vendors able to supply the kinds of quantity the large discount chains need.

To ease the pressure, and keep price points at the lower end of the retail scale, many chains will beef up their import programs this year. We anticipate seeing imports increase to about 10% of chain orders this year, more than double what they were in 1984.

At the same time, price-cutting by many top domestic vendors should further stimulate chain promotional activity, again with emphasis on the basics.

Price Drop

Corning, for example, recently dropped prices on many of its products and has become highly promotional on Corelle to hold its market share line against imports like 16-pc. Brazilian ironstone sets, which many chains are advertising for under $10.

The No. 1 table top seller last year was 16-pc. Corelle. In fact, the sets held the top four spots, accounting for more than $1.169 million of retail sales with over 35,000 sets sold during the 12-month period covered by this Product Movement Audit.

Other favorite discounter promotions in 1984 were those featuring gadgets, like Swing Away can openers (first and second spots on that Product Movement Audit); cake pan and cookie sheets from Ekco in the cookware category; a portable shower spray from Selfix, which on ad allowed discounters to hit an under-$10 price point. An even lower-priced $2.29 shampoo spray, also from Selfix, was one of the top movers in the bath category for the year.

Cotton Stretches Apparel Share

NEW YORK — Last year cotton took a 39% share of the retail apparel market, up from 38% in 1983 and 32% in 1975, the year cotton's share in the marketplace began to climb.

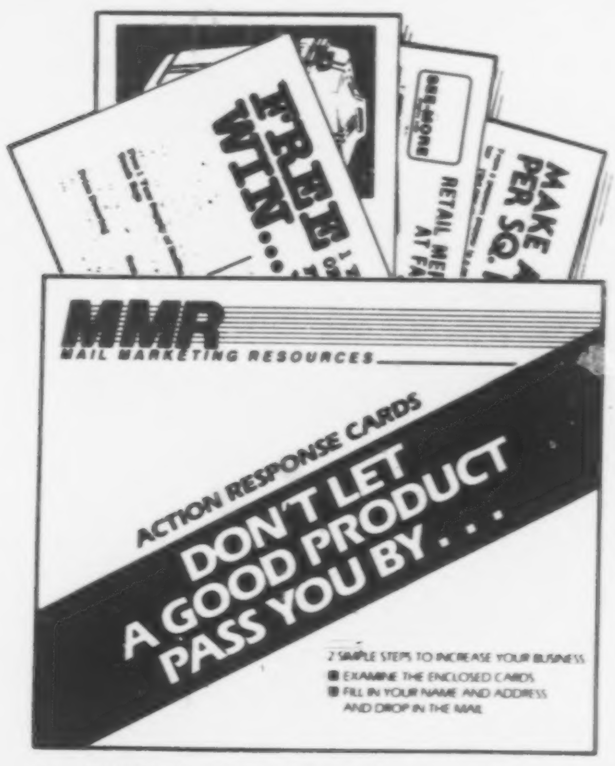
Overall cotton now accounts for 40% of all fiber (excluding carpets) purchased in the United States, up from 39% in 1983 and 34% in 1975, according to Cotton Inc.'s figures, which are based on consumer purchase statistics from the Market Research Corporation of America.

Robert J. Boslet, president of Cotton Inc., predicted cotton will eventually dominate the market, taking a 46% share by 1990 and a 50% share by 1984, at the expense of synthetic fibers, which he said suffer from image problems with American consumers.

In women's wear, cotton took a 30% share in 1984, up from 28% the year before and 16% in 1975.

Cotton's share of the men's apparel market remained at 50% last year, up from 42% in 1975.

In the jeans market, cotton had an 87% share of the market last year, an increase from 85% the year before and 80% in 1975.



FREE WIN...
MAKE PER SQ.
RETAIL AT
MMR
MAIL MARKETING RESOURCES
ACTION RESPONSE CARDS
DON'T LET A GOOD PRODUCT PASS YOU BY . . .
2 SIMPLE STEPS TO INCREASE YOUR BUSINESS
EXAMINE THE ENCLOSED CARDS
FILL IN YOUR NAME AND ADDRESS AND DROP IN THE MAIL

The MMR Action Response Cards, in loose-deck format, will be mailed in a distinctive color pack carrier.

SPECIAL ACTION RESPONSE CARD MAILING TO AMERICA'S LEADING RETAIL OPERATIONS EXECUTIVES!

We'll get your products and/or services in front of 30,000 retail operations decision makers—the Top working executives: Presidents, Owners, VP's of Operations, Store Planning, Development, Real Estate, Construction, Directors of Maintenance, Purchasing, Security, Personnel, Warehousing, Energy, MIS/EDP and Buyers of Equipment and Fixtures—at the leading chains and high volume independent retailers.

SUPERMARKET CO's.
RESTAURANT CO's.
APPAREL SPECIALTY CO's.
HOME CENTER & HARDWARE CO's.
DRUG CO's.
DEPARTMENT STORE CO's.
DISCOUNT STORE CO's.
AUTO SUPPLY CO's.
CONSUMER ELECTRONIC STORE CO's.
GENERAL MERCHANDISE CO's.

. . . at the lowest direct mail cost, target-marketed to a concentrated and select executive audience drawn from Lebhar-Friedman's own **Chain Store Guides, the #1 source of information on the retail market!**

1 Card	$1,600
2 Cards	$1,440 each

MECHANICAL REQUIREMENTS:
Prepared type and artwork should not exceed an area measuring 3 in. x 5 in. Size of the complete cards will be 3½ in. x 5½ in. trimmed. Camera-ready art should be supplied for both sides of the card. Where halftones are required, the advertiser should provide quality glossy prints or illustrations. Art and photos should be cropped for correct reduction. Artwork must not include bleeds. Avoid large blocks of solid areas where possible. Your sales message appears on one side, while the opposite side is printed with your company name and postpaid address. Your prospect fills in his name and address and drops your card in the mail.

No cancellations will be accepted after AUGUST 23, 1985

To further support your advertising message, we'll do a follow-up mailing to 2,500 key executives from the major chain headquarters . . . doubling your sales impact!

CLOSING DATE FOR RESERVATION: AUGUST 12th
CLOSING DATE FOR COPY: SEPTEMBER 4th
MAILING DATE: SEPTEMBER 30th
BONUS MAILING: OCTOBER 31st

Clients who have benefited with the Action Response Card mailings

GTE PRODUCTS CORP.
DATASERV
TELXON CORP.
THE STANTON CORP.
CANNON EQUIPMENT
MADIX STORE FIXTURES
SAFE STRAP
MONARCH MARKING SYSTEMS, INC.
RITE-HITE (MESSANINE DIV.)
LITTON STREATER
SE-KURE CONTROLS
TURN-O-MATIC CO.
GOLD METAL PRODUCTS
TOLEDO SCALE CO.
FASTAG CORP.
SIMPLEX TIME RECORDERS, INC.

MMR
MAIL MARKETING RESOURCES

We're a division of Lebhar-Friedman, Inc., publisher of Chain Store Age Executive, and we understand your marketplace.

Contact:
Vicki White/Fern Savrin
Mail Marketing Resources
425 Park Avenue
New York, NY 10022
212 371-9400

☐ Yes, I want in! Please reserve ____ card(s) for the special September Action Response Mailing in 1985.
☐ PLEASE HAVE A REPRESENTATIVE CONTACT ME WITH FULL DETAILS.

NAME ____ TITLE ____
SIGNATURE ____
COMPANY NAME ____
ADDRESS ____
CITY ____ STATE ____ ZIP ____
PHONE # ____ DATE ____
PRODUCT ____ E2/85

Selective Trade-up Continues

By ARNOLD REINHARD
Vp-Sales and Marketing, Schreiber Company

PRODUCT MOVEMENT AUDIT

Housewares trends toward more moderate pricing—with only selected trade-ups in key categories such as food storage, microwave and closet accessories—that emerged in 1984 will continue to play an important role this year.

This year is evolving as one of hefty housewares promotions—especially in cookware, dinnerware and glassware—among suppliers and discounters. Pricing is currently the key concern for buyers who are experiencing sharper competition, as many chains remain highly promotional to clear stubbornly high inventories beyond the first quarter.

In 1985, manufacturer trade rebate programs continue to be bold and generous, with vendors like Corning, Anchor Hocking and Rubbermaid among the industry leaders. Once again, we see suppliers being forced to buy their housewares market shares.

Corning also dropped prices recently on many items—including Cornerstone and microwave cookware—and stepped up Corelle promotions to help it compete with stoneware and more prevalent chain imports such as 16-piece imported ironstone sets, which some discounters are advertising as low as $9.

Wait and See

Other housewares suppliers, such as Mirro/Foley, held back planned price hikes not long ago because of the soft market for cookware. In fact, the general business atmosphere for discounters in the category was favorable, with plentiful ad dollars and vendors eager to make deals.

Last year was the first time in two years discounters aggressively added sku's to their assortments—mostly higher-ticket, higher-margin microwave cookware, closet storage, vacuumware and food storage.

While these selective trade-up areas will translate into more sales dollars for retailers this year, the feverish promotion trend is cutting into discounters' profits.

Following the intense promotional fervor of last Christmas, margin erosion lasted into the

(Continued on page 160)

Heck's Opens 5th Tennessee Store

NITRO, W. Va. — Heck's has opened a 40,000-sq.-ft. unit in Dayton, Tenn., bringing the total number of stores in operation to 126.

The new store, the first Heck's opened in 1985, is located in a multistore strip mall at the intersection of U.S. Highway 27 and East Iowa Street.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	MICROWARE			
1	Anchor PM469/TI Bacon Rack	31,676	5.40	171,050.40
2	Anchor PM486/TI Divided Plate	27,154	5.40	146,631.60
3	Anchor PM481/TI Utility Pan	18,446	5.40	99,608.40
4	Anchor PA600/112 Turntable	3,182	28.22	89,796.04
5	Anchor PM400/126 Popcorn Popper	8,635	10.10	87,213.50
6	Anchor PM447/TI Muffin Pan	15,672	5.40	84,628.80
7	Anchor PM444/TI Bake Sheet	14,620	5.40	78,948.00
8	Anchor PM446/TI Red Bacon Rack	11,574	5.40	62,499.60
9	Anchor PM480/TI 4-qt Cooker	5,695	10.10	57,519.50
10	Anchor PM410/TI Roast Rack	9,114	5.40	49,215.60
11	Corning MW-2 Microwave Brown Grill	2,337	19.40	45,337.80
12	Anchor PM490/TI Loaf Pan	8,128	5.40	43,891.20
13	Anchor PM400/131 Main Dish	9,087	4.70	42,708.90
14	Anchor PM459/TI Baking Ring	7,650	5.40	41,310.00
15	Corning MW-A10 Brown Skillet	2,096	19.40	40,662.40

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	COOKWARE			
1	Mirro 1487-34 7-pc Cookware	4,431	21.53	95,399.43
2	Regal W3270 10-in Gourmet Pan	9,570	5.23	50,051.10
3	Regal W3271 12-in Gourmet Pan	5,570	7.86	43,780.20
4	Mirro W1788-34 7-pc Cook Set	1,254	34.23	42,924.42
5	Foley 397-79 7-pc Cook Set	1,477	27.30	40,322.10
6	Regal W750/750HB 7-pc Cook Set	1,352	27.92	37,747.84
7	Mirro W0786-34 10-in Fry Pan	4,800	7.07	33,936.00
8	Mirro W0788-34 12-in Fry Pan	3,179	10.05	31,948.95
9	General Housewares 0707 21-qt Cov Canner	2,141	14.14	30,273.74
10	Regal W3269 8½ Gourmet Pan	8,267	3.48	28,769.16
11	Mirro M-1588-32 8-pc Cook Set	435	63.22	27,500.70
12	Mirro W0785-34 8-in Fry Pan	4,889	5.53	27,036.17
13	Mirro M0932-36 Teakettle Choc	4,973	5.11	25,412.03
14	STNC PC500-8 Burner Bib GE	18,966	1.33	25,224.78
15	Foley 297-93 7-pc SilverStone Cook Set	732	33.46	24,492.72

(Continued on page 160)

Using colorful kitchen textiles as focal points, H. J. Wilson, Macon, Ga., builds impulse sales by merchandising them close to dinnerware sets and multipurpose oven-to-serving bowls. *(DSN photo)*

Watch your profits grow with the Olympus Bonus Profit Building Program

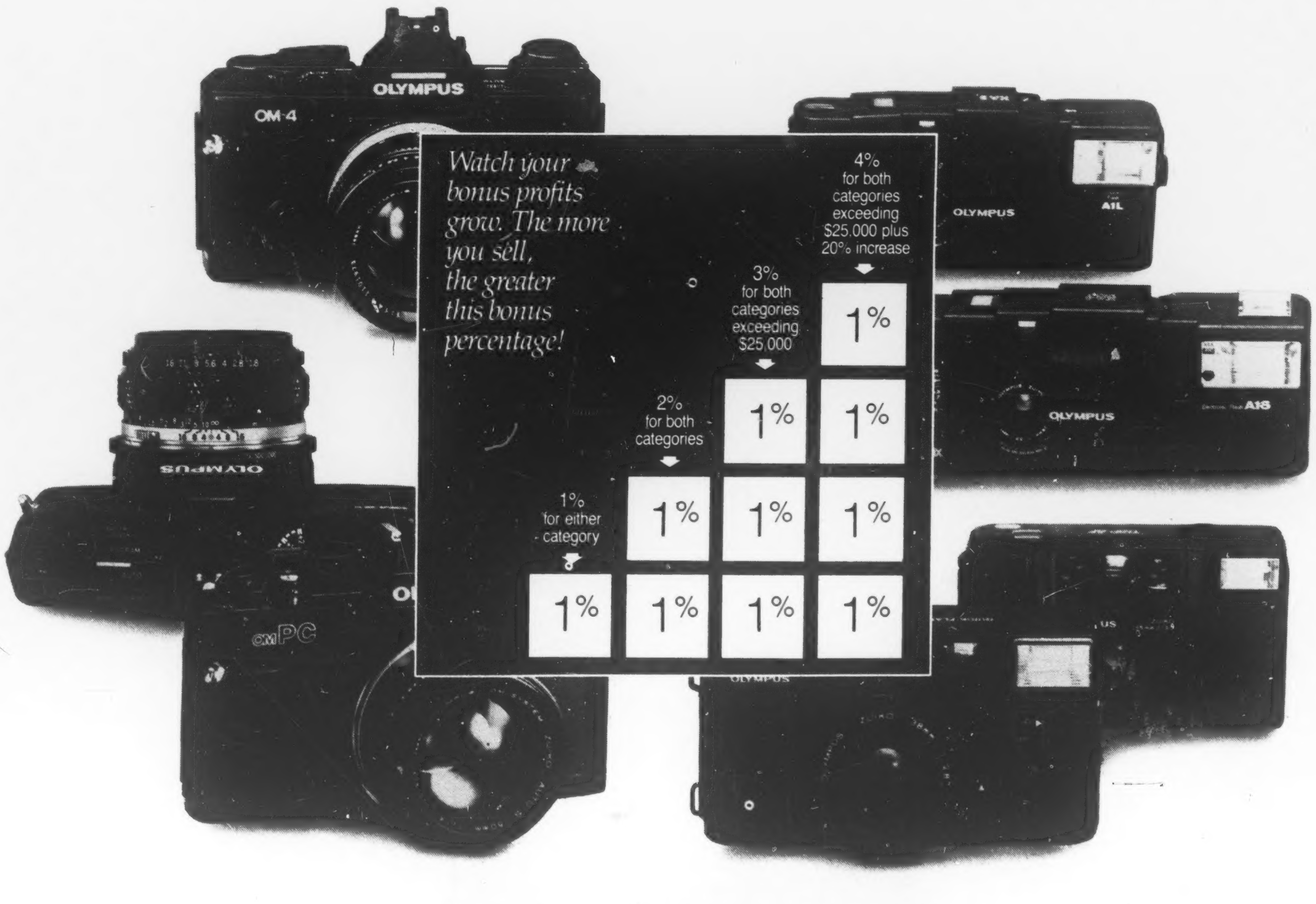
Add as much as 4% extra profit to the full line of Olympus OM System and lens-shutter 35mm cameras in your cumulative purchases from January 1, 1985 through June 30, 1985.

Two purchase categories earn extra profits for you:
CATEGORY A
OM cameras with or without prime lenses 36 UNITS OR MORE
between January 1 and June 30, 1985
CATEGORY B
Lens-shutter cameras, XA series or auto focus 48 UNITS OR MORE
between January 1 and June 30, 1985

- Achieve either category for a 1% PROFIT BUILDER BONUS
- Achieve both categories for a 2% PROFIT BUILDER BONUS
- Achieve both categories and a $25,000 purchase level for a 3% PROFIT BUILDER BONUS
- Achieve both categories, a $25,000 purchase level and reach a 20% greater purchase level than during the period of January 1 through June 30, 1984 for a 4% PROFIT BUILDER BONUS

No matter how small or large your buying capacity, the Olympus Bonus Profit Building Program has a program designed especially for you. And this plus-profit opportunity applies to all current products as well as any new ones announced and shipped through June 30, 1985.

Olympus...a major brand name with a bottom-line profit incentive. Now that's a bonus! Your Olympus Sales Representative will help you cash in on this profitable new bonus program. Call, toll free, 24 hours a day: 800-631-7777. In NJ 800-522-4159. Today!


OLYMPUS
OM-4
Watch your bonus profits grow. The more you sell, the greater this bonus percentage!
4% for both categories exceeding $25,000 plus 20% increase
3% for both categories exceeding $25,000
2% for both categories
1% for either category
1%
1%
1%
1%
1%
1%
1%
1%
1%
1%

OLYMPUS®
Olympus Corporation Consumer Products Group Crossways Park Woodbury, NY 11797

Trade-up

(Continued from page 157)

spring and promises to be with us into midyear.

In glassware, for instance, discounters are pricing 16- and 24-piece sets at $10 and $15, partly the effect of J. G. Durand and Crisa imports creating a glut of goods in the marketplace. Libbey and Anchor Hocking are responding with stable prices and new merchandising programs to stem further encroachment by the French and Mexican suppliers. It's a battle we expect to rage for the rest of the year.

Discounters' overall housewares sales grew more than 10% in 1984, but we project that as the upper limit gain this year. Incessant trade-ups won't contribute to volume gains in 1985.

In our trading area, however, which includes the Northeast, Southeast, mid-Atlantic and North Central States, housewares sales are steady—except in some heavily industrialized pockets where unemployment is high.

Rising Trend

Microwave cookware continues to be one of the fastest-growing categories, up 20% in our markets at the start of 1985. That's because our markets are catching up to the West Coast in microwave oven usage.

However, discounters who've already built up their assortments report that manufacturers are overproliferating the category. They also question the wisdom of SilverStone-lined microware that adds $2 to the retail price of an item.

In our market area the hottest microware manufacturer is Anchor Hocking, controlling 13 of the top 15 category ranks in 1984; Corning holds the other two spots. The Rubbermaid Cookables and Heatables line—a Johnny-come-lately to the category—has not yet experienced significant sales.

On the positive side, the popularity of microwave ovens means discount stores will be selling more single serve dishes and small accessory pieces.

Another exciting area for discounters is closet and storage products, with many merchants devoting more space and inventory dollars to the category. They are also placing it in better locations, adjacent to bath and domestics department in many stores, and some have developed mini-shop concepts.

While some chains are trading up to $80 to $120 closet organizers, we also observed more price promoting in the closet category, particularly in the colored plastic hanger area.

However, looking ahead we see shoppers trading up from these 10 for $1 hanger promotions to better grade wooden ones, selling for $1.49 for 2-pack skirts and suit hangers. We can, therefore, expect manufacturers to produce better quality hangers.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	PYREX			
1	2330 Bake Dish/Basket	2,240	13.57	30,396.80
2	233 Utility Dish 3 qt	4,938	5.21	25,726.98
3	300-95 3-pc Bowl clear	2,245	10.68	23,976.60
4	300-61 Bowl Set frost	2,214	10.68	23,645.52
5	2320-F 2-qt Dish/Basket	2,435	9.10	22,158.50
6	6230-F Casserole/Basket	2,659	8.13	21,617.67
7	213 Loaf Dish	7,092	2.70	19,148.40
8	6840 Casserole/Basket	1,406	13.58	19,093.48
9	234 4-qt Baking Dish	2,766	6.86	18,974.76
10	300-80 Shen Bowl Set	1,728	10.68	16,455.04
11	463-D 6-oz Custard	6,497	2.84	18,451.48
12	532 32-oz Measuring Cup	4,958	3.58	17,749.64
13	516 16-oz Measuring Cup	6,889	2.47	17,015.83
14	508 8-oz Measuring Cup	8,400	1.98	16,632.00
15	209 Pie Plate 9-in	7,152	2.24	16,020.48
	RUBBERMAID			
1	2864 Swing Top Chocolate	5,257	7.45	39,164.65
2	2864 Swing Top Almond	4,550	7.45	33,897.50
3	2892 20-gal Garbage Can	3,600	8.40	30,240.00
4	0450 Bath Mat Light Blue	10,121	2.91	29,452.11
5	8765 2-pack Ice Cub Trays	21,483	1.37	29,431.71
6	2965-19 Laundry Basket Almond	7,992	3.50	27,972.00
7	2965-19 Laundry Basket Chocolate	7,881	3.50	27,583.50
8	0450 Bath Mat White	9,192	2.91	26,748.72
9	0450 Bath Mat Chocolate	7,989	2.91	23,247.99
10	0450 Bath Mat Almond	7,404	2.91	21,545.64
11	2843 Chocolate Hooded Can	1,500	12.77	19,155.00
12	2858 Chocolate Step-On Can	1,618	11.51	18,623.18
13	2963 Chocolate 11-qt Pail	3,667	5.07	18,591.69
14	2864 Yellow Swing Top	2,369	7.45	17,649.05
15	1291 Chocolate Sink Mat	7,607	2.24	17,039.68
	CORNING			
1	A338 Trio Set Spice	2,502	20.66	51,691.32
2	A33 Trio Set Cornflower	2,872	17.81	51,150.32
3	V-20 1.5-qt Double Boiler	2,341	20.88	48,880.08
4	V-1 Covered Saucepan 1 qt	4,156	11.48	47,710.88
5	V-2.5 Covered Pan 2.5 qt	2,400	16.74	40,176.00
6	A-500-8 Chef Master Spice	688	58.14	40,000.32
7	V-360 6-pc Covered Set	961	38.95	37,430.95
8	A-500 Chef Master Corn	676	54.00	36,504.00
9	V-5 Covered Saucepan 5-qt	1,232	19.10	23,531.20
10	V-1.5 Covered Pan 1.5 qt	1,751	13.39	24,445.89
11	A337 Trio Set Wildflower	994	20.66	20,536.04
12	A-5-8 5-qt Saucepan Spice	874	18.32	16,011.68
13	A-3-8 Covered Saucepan 3	1,017	15.69	15,956.73
14	F-2 Covered Oval Casserole 2	966	16.28	15,762.48
15	A-1 ½-8 Covered Dish Spice	1,385	11.34	15,705.90

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	TABLETOP			
1	Corelle 16-23 16-pc M Blue Set	8,381	23.21	194,523.01
2	Corelle 16-4 16-pc Gold Set	7,973	23.21	185,053.33
3	Corelle 16-1 16-pc Green Set	7,429	23.21	172,427.09
4	Corelle 16-5 16-pc Blue Set	4,221	23.21	97,969.41
5	Corelle 16-N 16-pc White Set	4,084	23.21	94,789.64
6	Corelle 35-23 35-pc Light Blue Set	1,216	55.99	68,083.84
7	Corelle 16-6 16-pc Brown Set	2,766	23.21	64,198.86
8	Corelle 35-4 35-pc Gold Set	1,101	55.99	61,644.99
9	Corelle 16-24 16-pc Burgundy Set	2,604	23.21	60,438.84
10	Corelle 35-1 35-pc Green Set	967	55.99	54,142.33
11	Corelle 16-29 16-pc Bouquet Set	1,994	23.21	46,280.74
12	Corelle 35, 35-pc White Set	479	55.99	26,819.21
13	Corelle 20-95 20-pc Colonial Set	844	30.77	25,969.88
14	Corelle 35-6 35-pc Brown Set	442	55.99	24,747.58
15	Corning 106-4 Small Gold Plate	2,837	8.61	24,426.57
	GADGETS			
1	Swin 407/1 Port Open Asst	8,718	4.43	38,620.74
2	Ahsw 1574 4-pack Paring Knife	20,280	1.41	28,594.80
3	Brom 119 4-Sided Grater	16,914	1.47	24,863.58
4	Rhod 29006 Marktime Timer	3,182	6.38	20,301.16
5	Ekco 30761 Sm Turner Nyl	11,671	1.53	17,856.63
6	Ekco 30401 Pan Turner Nyl	11,342	1.53	17,353.26
7	Arro 13 Measuring Cup Set	13,669	1.20	16,402.80
8	Trav 6666 Sunbeams	14,003	1.17	16,383.51
9	Ekco 08652 Can Opener	11,225	1.44	16,164.00
10	Ahsw 377 Adj Cheese Slicer	12,909	1.13	14,587.17
11	Ekco 30081 Basting Spoon	11,041	1.17	12,917.97
12	Ekco 00050 Peeler	9,359	1.25	11,698.75
13	Ekco 30221 Slotted Spoon	9,949	1.17	11,640.33
14	Ekco 30341 Deep Ladle Black	7,682	1.44	11,062.08
15	Ahsw 1554 Steak Knives	5,917	1.86	11,005.62
	BATH SHOP			
1	Mayfair 66TT White Toilet Seat	8,864	7.77	68,873.28
2	Selfix 443-94 Portable Shower	4,473	8.27	36,991.71
3	Mayfair 11D White Toilet Seat	2,221	12.59	27,962.39
4	Kellogg 215 Tamp Bowl Brush	18,934	1.09	20,638.06
5	Selfix C441-94 Shampoo Spray	11,556	1.75	20,223.00
6	Selfix 2208-94 Tissue Holder	14,665	1.25	18,331.25
7	Mayfair 13D Blue Toilet Seat	1,421	12.59	17,890.39
8	Mayfair 44D White Toilet Seat	1,936	9.24	17,888.64
9	Nautilus N8773 Essex Oak Cabinet	392	38.24	14,990.08
10	Counselor 410N-90 White Wicker Scale	1,004	14.65	14,708.60
11	Ekco 38170 24-in Towel Bar	5,201	2.42	12,586.42
12	Mayfair 13D Brown Toilet Seat	986	12.59	12,413.74
13	Nautilus N323LW Ventura Cabinet	292	42.05	12,278.60
14	Counselor 86N-10 White Square Scale	1,225	10.01	12,262.25
15	Mayfair 13D Gold Toilet Seat	972	12.59	12,237.48

Source: Schreiber Co., Lititz, Pa., for the full calendar year 1984, covering 625 stores, including 545 discount stores in the Northeast, Southeast, mid-Atlantic and North Central regions. Average retail prices reflect typical price points for discount chains.

Artificial Intelligence to Perform Most Buyer Functions

(Continued from page 62)

store? No, stressed Stotesbery, who pegged it as the probable first function Gold Circle will shift to computers; they'll review on-hand inventory of each item in each store, and automatically replenish to conform with merchant-set criteria such as desired selection per store, or quantity on hand vs. desired weeks of supply.

Price change authorizations would be next, once the chain creates standards that would apply in most cases. "If a computer can handle 80% of functions, with the buyer responding only to exceptions, that's a significant reduction in workload," Stotesbery said.

However, chains may stand to gain their greatest returns by using computers to design store layouts that optimize sales, gross margin and ROI, said Stotesbery.

Gold Circle is currently developing just such a store modeling system for use in 1986, he said. It will determine department sizes and adjacencies, and proximity to the race track and front-end based largely on local market demographics and competition.

"This approach to store development challenges some basic discounting premises, such as planogramming and cookie cutter prototypes," said Stotesbery.

Only on Some Occasions

He noted that a market of young families might have a large children's wear department, or a college town more consumer electronics and KD furniture. "We'll also know with mathematical certainty that shoes perform better if adjacent to apparel or soft home is more productive when next to housewares."

He envisions three or four model floor plans for the chain, with varied department sizes and locations. He added that each store could be assorted differently within these formats.

"We're still evaluating whether that's a sound strategy, but it appears to be the way we're going," said Stotesbery. "In health & beauty aids, one store could have 10 deodorant facings, and another three. In housewares, we could have four layouts but 50 different assortments. We'll adjust inventory depth and facings according to store strengths and weaknesses."

He forecast that next year Gold Circle might alter product facings as often as once a month, "faster than the seasonal reviews most discounters can make today because we'll know about the stronger and poorer performers more quickly."

Richway's Bodker to Put More Fashion in Hard Lines

(Continued from page 122)

the same crashing pace as apparel, but buyers of several categories like toys, stationery, fashion housewares and consumer electronics, where hot trends are more likely to surface, are now being left with more open-to-buy than previously. However, buying strategy does not involve a change in inventory dollars.

Several categories pegged for closer watch include small electrics used for travel, VCR cases in colorful plastics and wood, and brass and oak accessories.

Aside from rethinking planograms, Bodker has adjusted some adjacencies to tempt the majority of shoppers—women—to shop hard lines, too.

The female shopper today, he explained, "no longer shops recreationally. You have to make shopping easy and fast. I'm trying to make adjacencies related to how she's going to shop."

To that end, the chain has assembled an assortment of emergency automotive items like jumper cables and tire pressure gauges on an endcap facing the main aisle with signing that asks, "Are You Ready For Traveling?" He noted women are more likely than men to need that kind of reminder, and would probably not head into the automotive department to look for these items.

Also, he has created a separate area in housewares to merchandise picnic items like plastic flatware, cups and plates in fashion colors, while party goods and basic white plates, plastics and cold cups remain in the stationery department.

C 5150-3

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

$2 per copy

VOL. 24, NO. 12 Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. JUNE 10, 1985

"I'm telling you why we feel we can deal with high-ticket merchandise and come out with a profit."
—Norman G. Milley, president, K mart Stores group

K mart Guided by Milley To a Higher-Margin Era

TROY, Mich. — Norman G. Milley, drawing on his four decades of retailing experience, is leading K mart into a new merchandising era.

It features a K mart selling higher-margin but admittedly much slower-turning goods as the profit sweetener to the discounter's continuing tonnage basics business.

The chain's retailing evolution came about as Milley, president of the K mart Stores group, and other executives put the company's "think differently" dictum into practical action.

The bottom line results: a K mart that uses advanced retailing technology and new management thinking to respond to changes under way in the marketplace to become a more efficient, profitable and consumer-oriented merchant.

To carry this out, a major portion of K mart's five-year, $2 billion capital budget is targeted to the implementation of the latest state-of-the-art retailing technology—laser checkout scanners, computer tracking of sales and automatic replenishment of merchandise.

"We'll look at everything coming down the road that makes sense to us to be involved with and we'll use it," Milley told *DSN* during a recent visit to company headquarters here.

The spur to K mart's evolving merchandising was surveys that told executives 52% of America's consumers already shop the discounter. But these studies also showed that shoppers tended to desert the chain to buy higher-priced and more fashionable merchandise in conventional department stores and specialty shops.

The discounter doesn't have any doubt its customers will be just as anxious to buy a big-ticket item like a $149 food processor as a $1 peeler.

"Why not?" Milley asked. "Why wouldn't she be interested in saving money on a big-ticket item if she is in the market for one?"

This belief hasn't dampened K mart's strong commitment to its traditional low-priced, saving-place image. The discounter will still feature small appliances under $20 in its midway, "but if the customer wants a traded-up item like a good European cofee grinder, she'll find it in the Kitchen Korner," Milley said.

While the remodeled and upscale Kitchen Korner still sells "gigantic" quantities of basics like glassware, Milley noted:

"The things we're getting the greatest response to these days are the novelty and specialty goods that probably won't be tonnage items. But, they produce a very nice gross profit margin, and reasonable turnover."

A simple example illustrated the profit potential:

"Inventory costs are about

(Continued on page 74)

Top CE Chains on a Roll; Swell Net, Biz, Stores, Turf

Nationwide DSN Report

Rushing to stake claim to lucrative markets, opening larger and larger stores, and reaping generous sales gains from the video boom, the top specialty consumer electronics discounters are recording exceptional double-digit sales and profit gains.

Not coincidently, leading retail analysts have predicted that consumer electronics will be the quickest growing retail merchandise category through the end of the decade.

While most chain executives likewise optimistically insist their own firms' performances should continue indefinitely, they also admit that current expansion is concentrating the major chains in a few markets, especially in Texas and California, posing the specter of saturation.

In addition, a rash of initial public offerings by firms like Highland Superstores, Crazy Eddie, Luskin's and, less recently, The Federated Group, promises to put additional pressure on the group to continue the expansion pace in order to maintain Wall Street backing.

Even if there are clouds, however, current circumstances appear to favor the segment leaders:

- The top-volume CE discounter, Circuit City, grew 46% in revenue to $519 million and 67% in net profit to $20.2 million for the fiscal year ended Feb. 28.
- Highland Superstores reported, in a pro forma statement, a 41% gain in sales to $359 million and a 79% gain in profit to $14.8 million for the year ended Jan. 31.
- The Federated Group recorded a 66% gain in sales to $230 million and a 91% leap in profit to $11.7 million for its fiscal year ended Feb. 28.
- Crazy Eddie said sales

(Continued on page 74)

Leading Electronics Discounters

Chain (Hq. State)	Volume (Millions) Last Competed Fiscal Year	Number of Stores			Avg. Store Size (Sq. Ft. Gross)
		1/84	1/85	1/86	
Circuit City (Va.)	$519	98	93	90[A]	3,000-40,000[B]
Highland (Mich.)	358	25	32	42	20,200
Silo (Pa.)	330*	72	97	111	12,000-70,000[C]
The Federated Group (Calif.)	230	20	43	60	23,100
Pacific Stereo (Calif.)	200	82	85	89	4,600
Crazy Eddie (N.Y.)	167	12	14	22	7,100
Fretter (Mich.)	160	23	29	36	14,000
Newmark & Lewis (N.Y.)	125	23	25	27	10,000
Luskin's (Md.)	90	23	29	40	8,600
CMC Stereo	79	57	57	57	3,500

[A] *Declining number of Circuit City locations reflects net effect of closing 39 leased departments in Zodys stores in Los Angeles.*

[B] *Stores range from 3,000-sq.-ft. leased locations to 40,000-sq.-ft. superstores with most units having average range of 4,000-7,000 sq. ft.*

[C] *Silo believes it will continue to open and operate three distinct store prototypes, depending on local market conditions: 12,000-sq.-ft. conventional units, 25,000-sq.-ft. warehouse showrooms, and 50,000-70,000-sq.-ft. concept stores.*

**DSN estimate*

Source: DSN research

Family in Split, Glosser Board May Get Two Buyout Proposals

JOHNSTOWN, Pa. — A split between family members could put two separate buyout proposals before the board of directors of Glosser Bros., parent of Gee Bee discount stores, by midyear.

One proposal, penned by chairman Leonard Black and president Alvin Glosser and three other key executives of the company, has already been presented to the board.

A second offer, authored by William Glosser, Alvin's brother, was due out at presstime.

The senior management team bid proposes to make the company private with a $20 a share buyout offer. Under the terms of the bid, first presented to the board in late January, new management would hold 51% of the stock in the new company; Bear, Stearns, which will underwrite the offer, will hold the remaining 49%.

Currently Glosser family members, including Black, who is married to a cousin of Alvin and William, own 60% of the 2.4 million shares outstanding in the company, whose sales at the end of the fiscal year totaled $280 million.

To date, those members of the family committed to the top management offer have pledged 27% of their shares to Bear, Stearns, which would hold three seats on the 10-person board formed after the buyout.

As part of the deal, Alvin Glosser, 62, and his cousin, Paul Glosser, vp and head of the company's supermarket division, have agreed to stay on for five years if the plan is accepted. Leonard Black is due to retire in one year.

William Glosser, 56, secretary of the AGE corporation

(Continued on page 66A)

IN BRIEF

HECK'S SHAREHOLDERS HAVE O.K.'d A SERIES OF "poison pill" measures aimed at discouraging unwanted takeover attempts. Included is a provision to block "greenmail" profiteering.

- **FRED MEYER HAS BEGUN CONSTRUCTION ON NEW** stores scheduled to open next year in Newport and Portland, Ore. The company is opening three units this year, in Boise and Nampa, Idaho, and Anchorage, Alaska.
- **LECHMERE WILL MOVE ITS HARD GOODS DISCOUNT** concept into Atlanta next year with four stores and a distribution center, moving outside its New England base for the first time.

New Layout at Best Products Forces Shoppers to Walk The Whole Store.
—See pp. 8A-11

Consumer Electronics Section

Buyers arrived at the Summer CES, looking for ways to pep up a field which, except for the hot video segment, has stabilized. (Section, pp. 19-28, 43-59)

Licensing Supplement

Licensing still has some elements of a guessing game, as makers extend characters' life spans. (Supplement, pp. 31-40)

Index

At the Source 57-59
Catalog Showroom News . . 8A-11
Classified 71-73
Consumer Electronics 19-28, 43-59
Editorial Page 6
Executive Changes. 15
Licensing 31-40
Manufacturer News 64
Stock Update 4

CE Chains Boosted TV-Ad Outlay Last Year

Nationwide DSN Report

TV ad spending by the top consumer electronics discount chains is continuing to rise as chains achieve the market penetration they need to make the medium cost-effective.

Leading the list of last year's spenders, according to figures put together by the Television Bureau of Advertising, was quick-growing Highland Appliance Stores with measured TV spending pegged at just over $10 million, a 14% increase over 1983.

According to Highland executives, about $23 million (6.4% of revenues) went to ad spending for the fiscal year ended Jan. 31.

Highland concentrates on humorous institutional ads building the company image and stressing name recognition as it pushes into new market areas.

Highland just made its initial public offering, and with the proceeds plans to fund campaigns into the Chicago and Houston markets, backing them with barrages of television and radio commercials, in addition to eight- to 24-page tabloid circulars and run-of-press ads.

Another Perspective

Like other CE executives, Highland officials still see their main opportunities outside of TV, in print. In fact, as a percentage of total advertising, the chain's TV spending actually fell, slipping from 52% in 1983 to 43% in 1984.

While no other CE retailer is close to Highland in terms of total TV spending, according to the TvB report, a couple of others also added significant numbers of dollars to earlier outlays:

Silo (including Downings) jumped from $1.6 million in TV spending in 1983 to $3 million in 1984. Circuit City, promising guaranteed low prices (East Coast operations only), zoomed from $1.6 million in 1983 to about $2.5 million in '84.

The No. 2 total TV ad spender among the chains, The Federated Group, is, like Highland, on a quick expansion spree.

Federated tripled its TV ad spending in 1983, according to TvB, and then added another 14% last year, spending a 1984 total of $5.1 million on video spots. Units more than doubled from 20 to 43 during the year.

This year Federated plans 17 new stores, said Merrill Lyons, vp finance, with additions in existing and new markets in Texas and California.

The company aims to continue heavy use of its "crazy" Federated character in TV ads. Lyons said Federated strategy, wherever possible, is to simply outspend the competition for both TV time and newspaper space.

Several of the field's biggest TV spenders held the purse strings last year, consolidating big budget boosts made the year before.

Pacific Stereo, for instance, which was on top of last year's TvB list, having kicked up TV spending more than seven times from 1982 to 1983, spent only about $100,000 more last year than it did the year before, a 3% gain to $4.4 million.

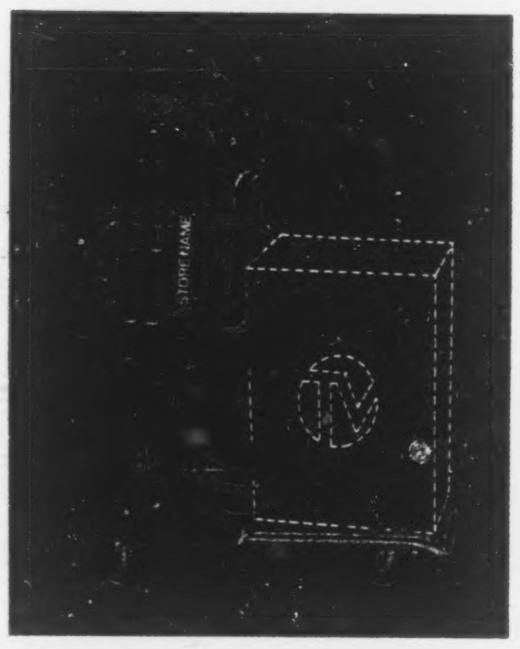
Specialty Discounters: TV Advertising

Rank 1984	Chain	Outlay In 1983	Outlay In 1984	% Change
1	Highland Appliance Stores (Michigan)	$8,778,000	$10,043,800	+14
2	Federated Group (California)	4,480,200	5,112,000	+14
3	Pacific Stereo (California)	4,272,500	4,385,800	+ 3
4	Silo (Pennsylvania)	1,654,400	3,061,800	+85
5	Fretter (Michigan)	2,909,300	2,773,100	− 5
6	Newmark & Lewis (New York)	2,116,700	2,520,500	+19
7	Circuit City (Virginia)[a]	1,640,500	2,493,700	+52
8	Crazy Eddie (New York)	2,600,700	2,004,900	−23
9	Mad Jack's (California)	1,388,200	1,388,100	0
10	Long's (Alabama)	2,018,700	1,319,200	−35

[a] Data reflect Ward Co.'s East Coast operations under the Circuit City name only.
Source: Television Bureau of Advertising from Broadcast Advertisers Reports data

functional art in motion

A superb blend of distinctive elegance and traditional Unarco craftsmanship with features you'll appreciate. ■ Like rugged urethane wheels with the softness of rubber: they'll stand up better under today's heavier payloads. ■ A wide, spacious basket designed with aerodynamics in mind: strategically placed openings make cleaning easy, and help prevent the wind from blowing carts left in parking lots. ■ There's even a stout bottom tray that nests snugly and converts the Classic Series cart for instant use as a stock truck . . . to help sell bulk items. And Unarco's inventiveness provides another first . . . a retractable garment hook, to keep your customers in fashion while they roll with style. ■ To be among the trend setters, contact Unarco today. Because when Unarco rolls . . . business moves.



Basket raises easily, for stock truck conversion

the classic series from Unarco

Unarco Commercial Products
A Division of Unarco Industries, Inc. ■ a UNR Company
P.O. Box 24088 ■ Oklahoma City, OK 73124 ■ 405/232-2431

Milley Guides K mart to a Higher-Margin Era

(Continued from page 1)

1% a month. So let's say I've got a 50% gross item, just for easy calculation. I paid $75 for it. If it lays up there for three months, I've got 3% cost in that; so it cost me $2.10 to put the item on the shelf that I'm going to make $75 on when I sell it. You can bring your turnover down and still make a lot of money."

He added: "I'm not saying this is a guiding philosophy. I'm telling you why we feel we can deal with high-ticket merchandise and come out with a profit.

"As long as I can buy the item in the right quantity to support its turnover, I'm going to come out ahead. But if a manager buys six pieces, piles them in his stockroom and then takes nine months and only sells three, it's not going to help us."

The key to controlling inventory and turnover is technology. It has made possible K mart's adding about 15% more goods, measured in terms of retail dollars, to a store's inventory—mainly higher-margin fashion lines and traded-up hard goods.

The advanced technology K mart is installing in its stores will have a big payoff, Milley said.

"I believe we will be able to save in the neighborhood of $200,000 to $300,000 in reduced inventory in each store and still maintain our rate of sales—perhaps get more sales because you should never be out of stock."

The impact on K mart's parent K mart Corp. will be even greater.

"The interest cost savings fall to the bottom line," he said. "It could produce sufficient cash to go out and make another acquisition that could bring back a 25% return on investment—that's what you are looking at.

"How else could I free up $500 million-$600 million worth of cash to take into the marketplace and find something else that I want to invest in that's going to give me back the return that we want?" he asked rhetorically.

The discount store operation Milley envisions is to be the profit powerhouse for the revitalization of parent K mart Corp. that Bernard K. Fauber, its chairman and chief executive officer, has been engineering since late 1980.

Fauber selected Milley to be the hands-on architect of the discounter's new merchandising drive. Milley first was vice president of sales and general merchandise manager in 1981, then executive vp of merchandising and subsidiaries two years later and finally earlier this year president of the K mart Stores group, a newly created post that was part of Fauber's restructuring of the entire K mart Corp.

All the discounter's top executives now answer directly to Milley, including the presidents of K mart Apparel, K mart Enterprises (the sporting goods and auto merchandising subsidiaries) and K mart Canada.

The K mart Stores group that the 61-year-old Milley heads is the equivalent of a major American corporation in its own right.

Its size, in turn, both dictates the need to use the latest technology and also affects the rate at which this equipment can be added to its 2,000-plus stores.

K mart, which first tested laser checkout scanners in two stores, last fall, will have this technology in 150 by the end of the year and subsequently phase it into other units at the rate of about 500 stores a year.

The scanner technology this year will be used for the test implementation of an automatic replenishment system in 25 Detroit area stores by the fall.

Putting all K marts on this system "will be a major project because 75,000 sku's have to be tracked," Milley noted. But, once such a chainwide program "is operating and you get the bugs worked out, you will have the ability to reduce inventory levels, yet keep product coming back to the proper rate to support sales."

Technology is only one of the marketplace factors that has spurred K mart's merchandising evolution.

The changing buying habits of shoppers are another—specifically the fact that price alone isn't the motivating factor behind customer purchases.

"We've made the decision not to carry cheap clothing just for the sake of carrying low-priced clothes. We're not going to lower our quality standard to something a customer wouldn't be happy with."

Children's apparel denotes the interconnection between such changes in the marketplace as new buying patterns and the profile of the American family today that drives K mart in its merchandising.

"I think, to a certain degree, people are willing to spend money on children's clothes that they wouldn't spend on themselves. I think that's happening more and more with one-child families. Today, women are having their babies at an older age and women who are working want to spend more on their children."

The merchandising and operations moves under way at K mart, along with its refined consumer awareness, will, Milley said, "carry us well into the 1990's."

Top CE Chains Hot

(Continued from page 1)

gained 24.4% to $167 million and profits 116% to $6.4 million for its fiscal year ended March 3.

- And so on. Sales at Silo, a subsidiary of Cyclops Specialty Steel, gained an estimated 20% last year; at Pacific Stereo they rose 18%; at Fretter they were up 33%; at Newmark & Lewis, 25%; at Luskin's, 25%, and at CMC Stereo, 11%.

Most see similar gains continuing. Circuit City president Rick Sharp predicted a jump in revenue for fiscal 1986 to about three-quarters of a billion dollars. (Slower same-store growth and expansion costs might keep a tighter lid on profit gains, however, he noted.)

Driving the segment's rapid growth have been several factors. One of the most important is the concentration by Circuit City, Silo, Highland and Federated on superstores of 20,000 gross square feet and more as favored expansion vehicles.

A store like the 50,000-sq.-ft. unit Silo plans to open in Baton Rouge later this year is expected to produce annual sales "in excess of $20 million," said Gerald Strossler, senior vp/finance. Strossler compared this to the $3 million-$6 million annual volume expected from the chain's "conventional" 12,000-sq.-ft. stores.

Federated officials have said they expect some of their stores in the 20,000- to 40,000-sq.-ft. range to produce at least that volume. Others have similar stories.

The CE discounters have also benefited from the explosion in video (VCRs, camcorders, accessories) sales that resulted from falling VCR prices.

Video sales gains for the group ranged from about 13% at Luskin's to an average 20%-25% for most others.

Andres: Battle to Retain Import Access

(Continued from page 2)

berger, Hills Department Stores president, that including $4.4 billion in textile and apparel quota costs and $19 billion in tariffs, "the total 'hidden tax' on imported textile and apparel [came] to more than $23 billion last year."

"The price tag for protectionism is high, and it is getting higher all the time," he declared.

Andres cautioned against misinterpreting RITAC supporters' efforts as indicating a preference for imported goods.

"Nothing could be further from the truth," he said, "and our track record of buying the vast majority of our merchandise from American sources shows it."

But, he observed, "supporting [domestic resources'] call for additional protection, in my judgment, is the least constructive way we can be of assistance."

He said this position dovetailed with that expressed by Wal-Mart founder Sam Walton, who in kicking off his "Buy America!" campaign declared, "our goal is to buy everything possible that is competitive in quality and price from our American manufacturers."

Andres said he could sum up the reasons why retailers should join him and the RITAC lobbying effort to forestall and roll back the barriers to free trade in five major points.

In addition to the high cost of hidden tariff charges, he cited the critical importance of imports to a high standard of living here; restrictions' inefficiency in maintaining employment levels; the historic association of free trade and general economic health in American history, and retailers' intrinsic need for access to merchandise.

Imports have helped bring down inflation, Andres said, and freed up discretionary income fueling retail sales. Clogging their flow to "save jobs" will do the reverse, he asserted, citing a study that showed it cost our economy $77,000 to save an $8,000-a-year job in the footwear industry.

Trade restrictions in America have always been considered counterproductive, he charged, recalling the worsening of the Great Depression after enactment of the Smoot-Hawley tariffs of the 1930's.

Woolworth Opens First The Rx Place

(Continued from page 3)

curious as to how strong competition between the two chains will impact both chains' advertising budgets in the market and, in turn, profits. Generally, because they operate on thin margins, deep-discount drug store chains keep a tight rein on advertising budgets.

Sales in the Stratford unit, which has 15,000 sq. ft. of selling space, are expected to reach $375 to $400 per square foot after its first full year of operation. That figure should double after three to four years, said Colson, adding the chain should reach an operating profit of 5% to 6%.

As in other deep-discount drug store chains, margins will run 18% to 19%. About 95% of stock is bought on deal; health & beauty aids and cosmetics comprise 55% of the store's assortment.

Unlike many other chains, though, all merchandise, except for shaded items like hair color and eye shadow, are purchased by buyers located at Woolworth's central office in New York, rather than by store management.

At this point, the buying staff consists of only two people—Jim Clark, who buys H&BA and pharmacy items, cosmetics and hair goods, and Jim Courtney, who buys general merchandise. Both are former Woolworth buyers.

In conjunction with the central buying system, the Stratford store has been equipped with both point-of-sale and backroom management information systems.

"We're centrally driven," commented Clark. He explained all merchandise is UPC coded, to be scanned through IBM 3687 holographic scanners. Sales data is captured on IBM 3683 controller terminals at each of the store's 10 checkouts, which are hooked to the central IBM 3651 system.

At the end of each day, sales and inventory data are relayed to the host computer in Milwaukee.

An automatic reorder point has been incorporated into the system which identifies minimum and maximum inventory levels before replenishment is necessary. If an item is unavailable for reorder in the same size on deal, the buyers will look for the same brand item in a different size. "There will always be a Colgate or an Aim [toothpaste]," said Clark. However, if a brand item is unavailable on deal in any size, the chain will probably not purchase it, he added.

Clark pointed out as the chain grows, the centralized buying and MIS setup will provide better inventory control and allow for more advantageous high volume deals. "We're geared toward the future," he said. "We're not opening a one-store chain."

The computer system also performs back-of-the-store functions like recording of payroll and bookkeeping.

Future stores will be equipped with the same systems as the new unit. They will average 28,000 to 30,000 sq. ft. in total, with 16,000 to 16,500 sq. ft. devoted to selling space, and an additional 500 sq. ft. occupied by pharmacy. All will have at least 10 checkouts.

Ashe Line Is a Smash

(Continued from page 3)

women's magazine; *National Black Monitor* and *Dawn*.

K mart Apparel president Joseph Antonini said K mart isn't reaching for a different shopper since the price points on the goods fall between $5 and $20. But he does expect the ads in minority papers will attract some people who do not normally buy apparel at K mart.

The BT&SF project started about 18 months ago when Hamilton Projects approached K mart with a strategy for the license. They had targeted up to 75 major markets heavily populated by blacks for the initial launch.

"We designed the label, the goods, the whole bit," explained Antonini. K mart buyers and merchandise managers found the manufacturers, and as the licensee had goods made to their specifications.

"We had anticipated a strategy of 900 stores but the merchandise looked so good—particularly in men's—we decided to go chainwide [with men's]. Now we're looking at the women's assortment to see how far we can go with that."

The insignia K mart came up with is a black and white graphic bust of a bird in flight which is on each garment. The spring assortment consists of cotton and cotton blend tank tops and shorts priced at $4.97 and $7.97. K mart started testing shorts and tank tops in southern markets in early spring. The line has since been broadened to include warmups for fall priced at just under $20.

At a New York press conference, K mart showed tank tops for women with color block piecework for women, and gray fleecewear short sets and warmups for both men and women with color striping and mesh inserts.

Initial response to the line was strong, according to K mart. In Lodi, N.J., a test lab for apparel, the BT&SF spring offering sold through in three weeks, according to the store's apparel manager. In that store the shipment filled a double-tier circular rack in both men's and women's departments.

Cook United

(Continued from page 3)

who'd operate most of the chain to protect employees, creditors, shareholders and provide a continuing market for its suppliers' products.

Roth claimed he's gotten "very positive response from all classes of creditors," including unsecured creditors whom Cook owes more than $61 million.

Assessing the talks, Cook chairman, president and ceo Russell Hansen said, "On a scale of one to 10, I guess we're about at five" in agreeing to a deal.

Quiz answers: 1b; 2d; 3b; 4c; 5c; 6a; 7b; 8a; 9b; 10c.

C5150-3

0024037C DS
MS JEANNE LONG 1ET
CONGRESSIONAL INFOR SVC
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING
$2 per copy
3
Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.
JUNE 24, 1985

Many chain buyers said they were merely window shopping at the recent CES—looking at such innovations as 8mm video, and digital and stereo TV—but not willing to buy until high prices erode.

High-tech CE Multiplies; Mass Marketers Chary

CHICAGO — High-end audio and video technology is ready to punch through to the consumer mainstream but is the mass market ready to accommodate it?

At the Summer Consumer Electronics Show recently held here, manufacturers displayed enough high-tech products to satisfy the most discriminating audio/video retailer palate.

But mass merchandisers, traditionally last to feed off the latest technological goodies, said they simply can't afford to get too excited.

High pricing, umbilically tied to these innovative products, make it, in most cases, prohibitive. Plus, several said they're plain scared to bite off more than they can chew.

Most mass merchants are still too busy feeding on the bottom of the technological spiral—VCRs and CD players.

(Continued on page 38)

Bradlees Reportedly Seeks Part or All of Jeff Ward

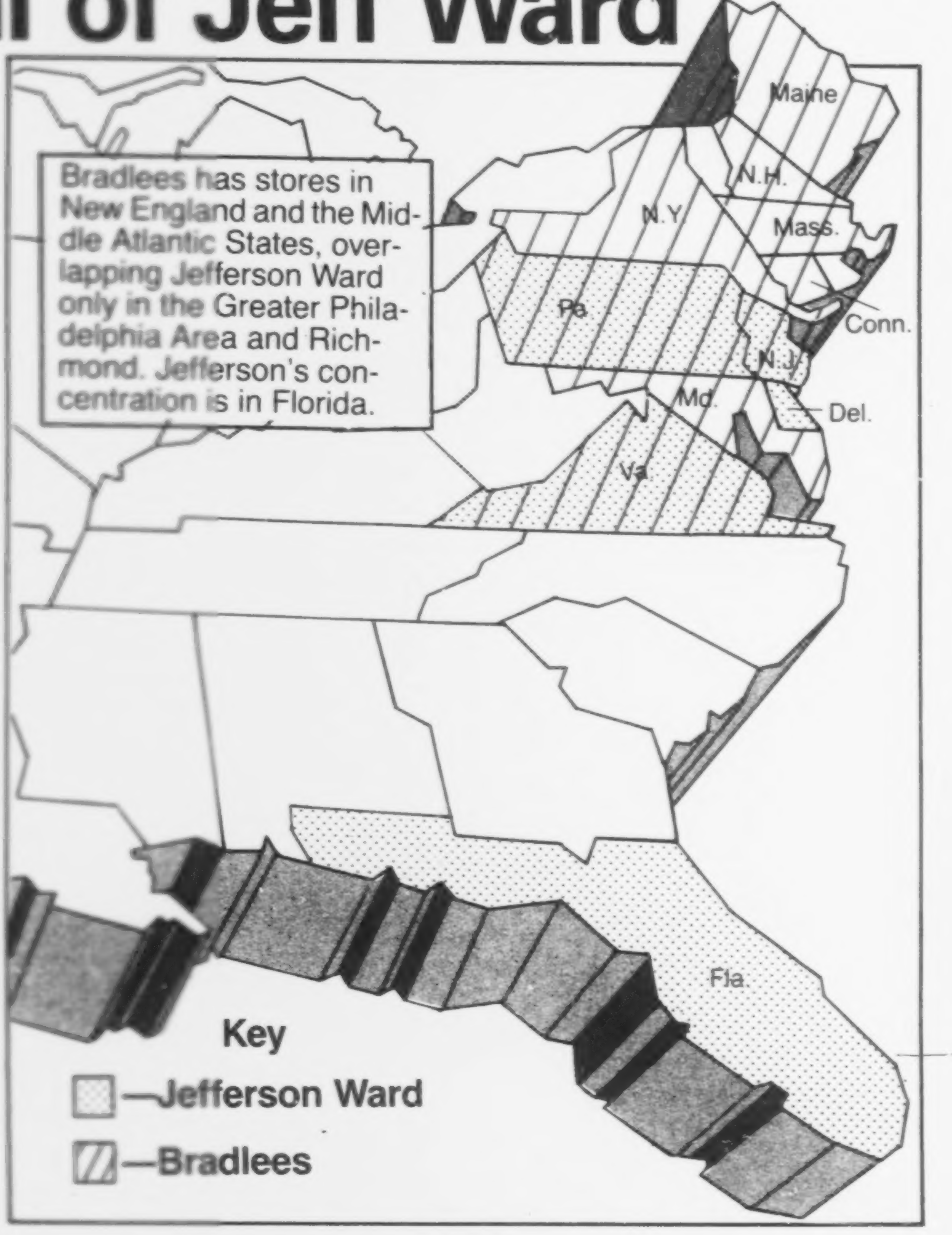
MIAMI — Jefferson Ward, which has been put on the block by its parent Montgomery Ward, is reportedly being eyed by Bradlees as the means by which the New England discounter would stake out a major presence in the Greater Philadelphia Area.

Bradlees' proposed deal for Jefferson Ward's 18 stores in the Philadelphia-Wilmington, Del., market reportedly is being held up by Ward's interest in an all-encompassing agreement that would also involve Jefferson's 26 other units: three in Richmond, Va., and 23 in Florida, including an 11-store concentration in the Greater Miami-Fort Lauderdale Area.

A Bradlees spokesman said "we can't comment" on the reports of the negotiations between the discounter and Ward.

A Ward spokesman said the company was "definitely committed" to selling Jefferson but that reports of a deal with Bradlees "was pure speculation." Ward has hired Salomon Bros., an investment banking and stock brokerage firm, to find a buyer for Jefferson.

(Continued on page 38)



Bradlees has stores in New England and the Middle Atlantic States, overlapping Jefferson Ward only in the Greater Philadelphia Area and Richmond. Jefferson's concentration is in Florida.

Would Raise Up to $29M

PACE Plans Public Offering, Expansion

AURORA, Colo. — PACE Membership Warehouse plans to go public to raise up to $29 million to fuel its explosive expansion plans.

In a separate move, PACE is launching a private label program with basics such as garbage bags, baby wipes and bags of charcoal under a PMW label. A quality guarantee on the items is signed by chain president and chairman Henry Haimsohn. The company claims to be the first membership warehouse to develop its own private label.

Both steps are designed to sharpen the chain's competitive stature in the burgeoning warehouse club industry.

The proposed initial public offering places two million company shares and 489,410 private stockholders' shares for sale at an estimated $12.50 to $14.50 per share. At those rates at least $25 million and no more than $29 million would go back into the company. Another $6 million to $7 million would go to selling stockholders.

Monies raised for the company would be used for the planned opening of up to 10 units by the end of January '86 and another 14 to 17 units in fiscal 1986. That growth strategy represents a fourfold expansion of the six-unit chain to at least 24 clubs by the end of next year.

As part of the expansion, the company would also use some of the money to convert to a larger-capacity computer system, according to the prospectus.

Sales at PACE hit $76 million for the fiscal year ended Feb. 3, 1985, based on six stores. The year before sales were $15.2 million based on sales at one unit. Net income switched to the plus side last year to $557,000 compared with a $464,000 loss the year before.

Margins at the club have been narrowing from 13.1% in 1983 to 11.7% in 1984.

This year, PACE plans to tackle four new markets: Omaha, Baltimore, Colorado Springs and Washington. The Omaha unit was planned for a June unveiling.

PACE's step into the mid-Atlantic region involves three August openings in Landover, Laurel and Baltimore, Md.

Its second and third Atlanta units are planned for openings in September, and its Colorado Springs warehouse should open in November.

(Continued on page 38)

Maurice Segall

Herbert Gilman

IN BRIEF

- **MAURICE SEGALL, PRESIDENT AND CEO OF ZAYRE** Corp., has been elected to the Discounting Hall of Fame. Herbert Gilman, chairman and ceo of Ames, received the Discounter of the Year award. Segall was elected by a *DSN* poll of chief executive officers and presidents of the country's discount chains. Gilman was elected through mail-in ballots of *DSN*'s readers. Segall is a former Discounter of the Year. Both men will be honored at *DSN*'s eighth annual SPARC (Supplier Performance Award by Retail Category) banquet on Aug. 11 at the Hyatt Regency Hotel in Chicago.
- **WAL-MART PLANS TO BUILD 700,000-SQ.-FT. DISTRIBU**tion centers in Brookhaven, Miss., and Plainview, Tex.
- **CE/APPLIANCE CHAIN NEWMARK & LEWIS PLANS A** 1.2 million-share initial public stock offering, at $13-$15 a share.
- **BENEFICIAL CORP. HAS SIGNED A LETTER OF IN**tent to sell Western Auto to Wesray Capital for about $300 million.

Service Merchandise Is Assimilating H.J. Wilson, Ellman's —See P. 11

The Apparel Scene

Joseph Antonini (left), president of K mart Apparel Corp., who stresses flexibility in achieving concrete goals, says apparel sales at the discount giant are progressing well ahead of plan. (Story, p. 3)

Discount chain merchandisers say it's too early for a verdict on the latest men's wear licensed brands: Reed st. James and Angels Flight. They join McGregor, the first licensed men's wear brand in discount stores. (Story, p. 3)

Index

Apparel 12-16
At the Source 24
Automotive. 22
Catalog Showroom News 11
Classified 35-37
Discounter Management Development Series 32
Editorial Page 9
Housewares 18
Manufacturer News 25

Major Appliance Unit Shipments

(000 omitted)

Product	1983	1984	1985 (Projection)
Electric ranges	2,754	3,074	3,093
Microwave ovens	5,933	9,132	9,545
Washers	4,616	5,049	5,056
Dryers	3,294	3,684	3,669
Disposers	3,544	4,085	4,002
Dishwashers	3,121	3,491	3,445
Compactors	157	182	190
Refrigerators	5,477	5,994	6,118
Freezers	1,341	1,281	1,238
Room air-conditioners	2,002	3,103	3,127
Dehumidifiers	437	591	560

Source: Association of Home Appliance Manufacturers

AHAM Sees Microwaves As No. 1 Again This Year

CHICAGO — Microwave ovens will lead major appliance shipments for the second consecutive year in 1985, the Association of Home Appliance Manufacturers projected.

In its annual survey of the major appliance industry, AHAM forecast that sharp continued growth of microwaves will spark a 1% gain in total appliance shipments to 39.8 million units, up from 39.4 million in 1984. Shipments of most home appliances, including air-conditioners, will remain at last year's levels, it added.

That represents a breath-catching pause for the major appliance industry, which registered its greatest absolute gain in annual unit shipments in 1984, when domestic shipments from manufacturers soared from 32.5 million to 39.4 million units. That climb immediately followed a 5.5 million unit climb the year earlier.

The AHAM study attributed the mid-80's spurt of appliance shipments to household inventories reaching replacement age. "More consumer disposable income and a positive consumer outlook also point to another strong year for the industry," it said.

Replacements typically account for 70% of major appliance sales, with new housing formations and new acceptance of products such as microwaves contributing the rest.

The association projected that microwaves will reach 50% household saturation by 1986, as eastern and midwestern parts of the country catch up to microwaves' penetration in the West.

If microwave shipments behave according to forecast, they'll surge 4.4% from 9.1 million to 9.5 million units in 1985—representing its greatest annual gain in units shipped, and keeping its position as the most frequently shipped major appliance in the country.

Microwaves achieved that spot clearly for the first time last year, when microwave shipments grew 54% and accounted for one-quarter of total appliance shipments nationwide.

(Although not broken out by the AHAM study, recent manufacturer research predicts that compact microwaves—with less than 1-cubic-foot capacity—and subcompact models will grow quickest in 1985, and achieve a total 25% share of the national market. Discounter and catalog chain buyers told *DSN* they expect to capture more than 10% of total microwave sales.)

A Closer Look

Air-conditioners, also important to discounters, will rise nominally in shipments this year, from 3.10 million to 3.13 million units, AHAM said.

The study predicted further that refrigerators would log a 1.7% unit shipment gain, the industry's second largest, from 6 million to 6.1 million in 1985. This year's one-two punch of microwaves and refrigerators is spawned by disparate factors: new consumer acceptance of microwaves, particularly programmable models, and replacement of aging refrigerators in American households.

Microwaves' relatively scant household penetration—compared to refrigerators' 93.4% level—points to promising long-term growth. In addition to microwaves, freezers, dishwashers and trash compactors are in fewer than half the nation's homes. But, their 1985 sales prospects appear comparatively flat, according to AHAM projections.

Freezer shipments are expected to skid 3.1% this year, from 1.28 million to 1.24 million units; dishwashers, whose sales are about 90% built-in models will dip 1.1% from 3.49 million to 3.45 million units; trash compactors will rise 4.4% from 182 million to 190 million, AHAM predicted.

Moreover, the study looked to energy consumption improvements as stimuli to industry growth, citing major efficiency gains in the 1972-83 period that immediately preceded the current home appliance surge.

Energy use per air-conditioner decreased 21.9% during that period; refrigerator, 66.4%; freezer, 55.6%; clothes washer, 54.7%, and dishwasher, 54.2%.

MIRRO
Mirro is turning on the heat!
DU PONT SilverStone
MIRRO
A MEMBER OF The newell Group

Deliver our new energy to your housewares department with the products, programs, and performance of Mirro.

Grab hold of Mirro's fast-moving cookware and bakeware lines. Then see pots and pans turn into profit with our consumer advertising support, creative packaging and powerful promotions. All this, plus Mirro's dependable delivery and responsive salesforce to keep your sales sizzling.

If you haven't seen Mirro lately, see us now. We're turning on the heat.

Mirro Corporation, Manitowoc, WI 54220

C 5150-3

00240370 DS
MS JEANNE LONG
CONGRESSIONAL INFOR SVC 1ET
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING
VOL. 24, NO. 14
$2 per copy
JULY 8, 1985

Electronic Retailing Still Seeks a Niche

By ARTHUR MARKOWITZ
Special Projects Editor

News Analysis

ORLANDO, Fla. — Electronic retailing, heralded as the merchandising format of the future, is still searching for its niche in the marketplace.

The unresolved nature of electronic retailing was clearly evident at the latest conference on the subject—the third annual meeting sponsored by Touche Ross & Co., which featured 64 speakers in 18 different panel sessions during a three-day gathering here.

About 350 attended the Electronic Shopping Outlook: 1985-1990 conference; the diversity of the delegates and panel participants, along with the companies, which ranged from manufacturers and retailers to advertising agencies, banks and communications firms, only pointed up the different merchandising philosophies and technologies that are umbrellaed under the electronics retailing rubric.

The various panel discussions and general business talk made clear that only one company, Comp-U-Card, has made any money from electronic selling—and that mainly from membership fees. Today, only a very small number of consumers are actually shopping via computers, TV/phone connections or at machines located in either stores or shopping centers.

The hard reality is that electronic retailing could eventually generate billions of dollars in sales—but at that point it would be part of, rather than the futuristic replacement for, the way Americans shop.

It is that envisioned market potential—rather than today's actual results—that continues to be a magnet, and is causing some firms already in the business to augment their operations to broaden their appeal to consumers, and attracting new companies to enter the field.

A brief review of the various companies, technologies and merchandising philosophies is perhaps the best way to show the state of the field and also why the key unanswered ques-

(Continued on page 25)

18 Jeff Wards to Beef Up Bradlees' E. Coast Clout

PHILADELPHIA — Bradlees is due to acquire 18 Jefferson Ward stores in the Greater Philadelphia-Wilmington, Del., market in a major expansion move that will markedly strengthen its position as a leading upscale East Coast retailer.

The expansion into Greater Philadelphia, due in mid-July, will make Bradlees the only upscale discounter with stores in almost all the major metro areas in a market belt encompassing New England and the Middle Atlantic States from Maine to Virginia.

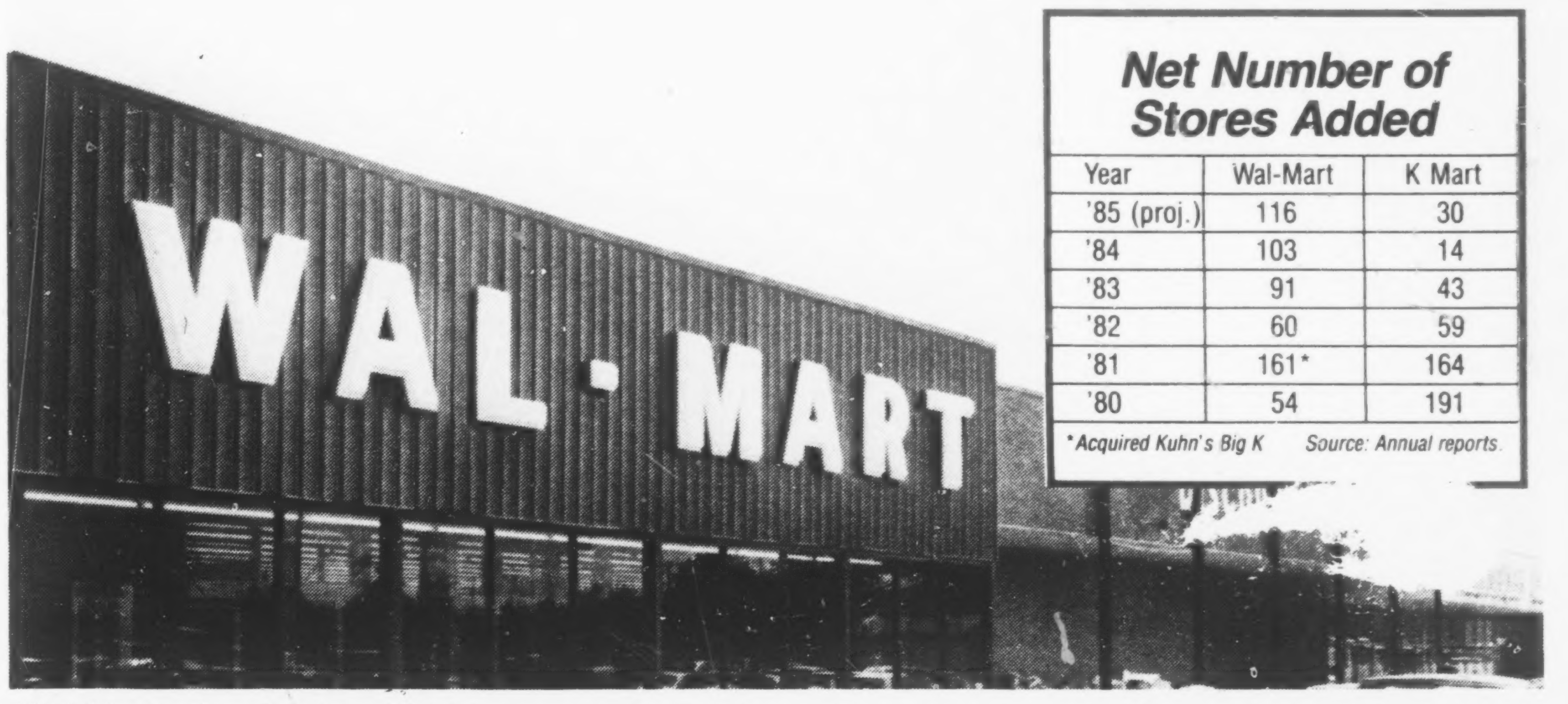
Bradlees, by replacing Jefferson Ward, will become a second upscale discounter in metro Philadelphia when it joins hometown Clover there. The Braintree, Mass.-based chain's move into the market could delay or block any expansion thrust into the area by Caldor, the other leading upscale discounter that already competes with Bradlees in most of the New England and Middle Atlantic States metro areas outside of Philadelphia.

Like Bradlees, Caldor has stores in markets north and south of Philadelphia, along with a distribution center nearby in New Jersey. Unlike Bradlees, Caldor has had a number of top executives over the past four years since it was acquired by Associated Dry Goods (and when it moved into New Jersey as its first thrust outside of its New England home base). Bradlees, meanwhile, has had the same top leadership during the entire period.

When the Jefferson acquisition is completed, the Philadelphia market, No. 4 in population in the nation, will become the largest metropolitan area in which Bradlees has stores. Prior to the pending deal, Bradlees had said it would invade the market with three stores set to open in the fall.

The Jefferson stores, nine in eastern Pennsylvania, seven in adjacent New Jersey and two in Wilmington, along with a 160,000-sq.-ft. distribution cen-

(Continued on page 26)



Net Number of Stores Added

Year	Wal-Mart	K Mart
'85 (proj.)	116	30
'84	103	14
'83	91	43
'82	60	59
'81	161*	164
'80	54	191

*Acquired Kuhn's Big K Source: Annual reports.

Wal-Mart, planning to add 116 stores to its 745 base this year, succeeds K mart as the industry's expansion leader. K mart had 2,055 at year's end.

115 Wal-Marts to Open in '85, Boosting Total by 15% to 860

By AL HELLER

BENTONVILLE, Ark. — The Wal-Mart store expansion juggernaut is gaining speed.

The nation's second-largest discounter plans to add 115 full-line stores within its current 20-state market this year, a 15% unit climb that'll raise store count to 860, vice chairman and chief financial officer Jack Shewmaker told stockholders at its annual meeting.

Current plans follow on the heels of last year's 103-unit growth.

The Sunbelt will remain Wal-Mart's primary bastion, with Florida and Texas being its greatest growth states through the late 80's, Shewmaker added. This year's plans include 14 new stores in Florida and 19 in Texas, its largest state with 143 units at the start of 1985.

Wal-Mart will also test new 25,000- to 35,000-sq.-ft. prototypes, tailored to smaller markets, in the latter part of 1985, president David Glass told the audience of 1,700. Wal-Mart officials wouldn't elaborate on the new store format.

The 115 new units will account for most of the new 9.4 million sq. ft. of store space companywide this year, and help raise total footage 22.4% to 51.3 million sq. ft., Shewmaker said. Wal-Mart is landbanking sites for next year's store expansion as well, added Glass.

In addition, Wal-Mart plans to remodel 45 Wal-Marts, add 12 Sam's Wholesale Clubs, one dot deep-discount drug store and one or two Helen's Arts and Crafts stores this year. That'll create a year-end roster of 23 Sam's, two dots and two or three Helen's.

"Florida and Texas will be Wal- Mart's greatest growth states through the late 80's."

—Jack Shewmaker, vice chairman, cfo, Wal-Mart

"We're not eying growth by diversification, but will experiment with specialties like dot and Helen's that relate to businesses we're already in," said Glass.

Through the end of May, Wal-Mart had added 23 new Wal-Marts and one Sam's, in a schedule hampered by bad weather, Shewmaker said. Yet they've contributed to chainwide year-to-date 33% sales gains on 11% comparable-store rises. Full-year goals are for a 30% sales gain to $8.3 billion and 10% same-store volume increases.

Shewmaker noted that the 12 existing Sam's had each recently reached $1 million weekly volume averages—a billion dollar annual pace for the 20 clubs expected by the fall.

To support store growth, Wal-Mart will break ground soon on 700,000-sq.-ft. distribution centers (DCs) in Brookhaven, Miss., and Plano, Tex., Shewmaker said. In addition, Wal-Mart is expanding its Douglas, Ga., DC to that size to serve 150 stores by year's end, up from 50 currently.

The discounter recently added 152,000 sq. ft. to its Searcy, Ark., DC and is building a new 443,000-sq.-ft. facility in Bentonville that will house headquarters offices and replace a smaller existing DC.

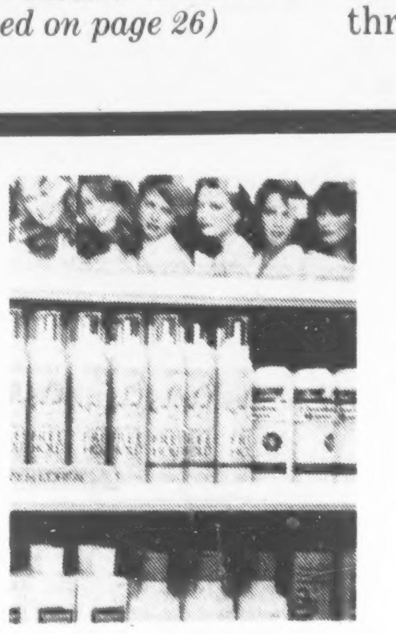
(Continued on page 26)

IN BRIEF

- **K MART WAS SET AT PRESSTIME TO OPEN FIVE NEW** financial centers in its Chicago stores through U.S.A. Consumer Credit of Burbank, Ill., to be called The Lending Center; and four in the Las Vegas market through New Jersey-based Berg Enterprises, to go under the name The Mortgage Place.
- **A HEAVY DEMAND FOR PACE MEMBERSHIP WARE**house's initial public offer resulted in the sale of 3,489,410 shares at $15.50 per share, raising $43,350,000 for the company and $7,071,975 to selling shareholders. This was one million more shares at $1 more a share than the preliminary offer. At presstime, PACE announced plans to enter the Greensboro, N.C., market with one unit in late fall.

Competition Heats Up In Ladies' Apparel, So Cataloger Weis Abandons Its Test

—See P. 13



Mousses Make Waves

The mousse category (left, center row) is the big news in H&BA, according to the Product Movement Audit supplied by Boston Distributors. It has raised sales and profits, and hurt sales of hair sprays. (Story, p. 8)

CE Chain Plans to Swell

Newmark & Lewis, New York-based CE/appliance chain, plans an ambitious expansion, using funds expected from its first public offering. (Story, p. 14)

Index

Apparel 13
At the Source 18
Catalog Showroom News 11
Classified 22-24
Consumer Electronics 14
Editorial Page 6
Executive Changes 24
H&BA 8
Manufacturer News 25
Stock Update 4

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cov. 1, p. 18.

Hot Mousse Items Uplift Biz, Profits

By CHARLES BOWLUS
Vice President,
Boston Distributors

The hottest news in the health & beauty aids department is the astounding success of the mousse category.

This exciting segment of the hair care market is a leading contributor to H&BA growth as new users are affording retailers plus sales.

We have witnessed a decline in hair sprays as a result of consumer changeover to mousse, with a positive impact on both sales and profits as price points and margins on the new category are significantly higher than those afforded by hair sprays.

Helene Curtis is the big winner thus far in '85 as its Suave Extra Control mousse took our top spot, outselling No. 2, Vidal Sassoon Extra Hold, by nearly a 2-to-1 margin.

L'Oreal fell to No. 4 with its extra control put-up and dropped all the way down to No. 14 with its normal formulation. Breck, at a price point between Suave and the high end, jumped up to our No. 5 slot and Alberto captured the No. 7 and No. 12 positions.

Faberge's Aqua Net, which is being featured at $1.19, advanced to No. 9 and is expected to do even better as it competes with Suave and Clairol in the low-end segment.

Perma Soft, riding on its tremendous success in the shampoo/conditioner market, is introducing the first alcohol-free mousse. Perma Soft will do well as its formulation will not dry out the hair as its competitors have a tendency to do.

When the first mousse products came on the market, many retailers didn't know if they belonged with hair sprays or with setting lotions. We now see that sales and growth trends warrant a separate 4-ft. section for the category, which should be adjacent to hair sprays.

We also recommend frequent and heavy promotional support.

We are beginning to see a proliferation of sku's in the gel and fixative segment which rivals that experienced with mousse. While this market is a growing one, retailers should be wary of adding too many gels as the sales base is not broad enough to support all of the offerings.

Promotional support and shelf space should be limited to approximately 10% of that devoted to mousse so as to maximize turnover and to assure that the big growth opportunity of mousse is not inhibited.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	MOUSSES			
1	Suave Mousse Extra Control, 5 oz	26,458	1.99	52,651.42
2	Vidal Sassoon Mousse Extra Hold, 6 oz	8,568	3.29	28,188.72
3	Suave Mousse Soft Control, 5 oz	13,183	1.99	26,234.17
4	L'Oreal Free Hold Mousse Ex Cont 5 oz	6,174	3.29	20,312.46
5	Breck Mousse Extra Styling, 5 oz	7,460	2.69	20,067.40
6	Vidal Sassoon Mousse Regular Hold, 6 oz	6,086	3.29	20,022.94
7	Alberto Mousse Extra Control, 5.5 oz	5,442	3.29	17,904.18
8	Jheri Redding Mousse Lemon, 6 oz.	5,238	3.29	17,233.02
9	Aqua Net Mousse, 5 oz	13,850	1.19	16,481.50
10	Jheri Redding Mousse Chocolate, 6 oz	4,500	3.29	14,805.00
11	Jheri Redding Mousse Normal, 6 oz	4,067	3.29	13,380.43
12	Alberto Mousse Normal, 5.5 oz	4,009	3.29	13,189.61
13	Dippity Do Extra Hold, 8 oz	4,871	2.59	12,615.89
14	L'Oreal Free Hold Mousse Norm Cont 5 oz	3,779	3.29	12,432.91
15	Vidal Sassoon Styling Gel, 4 oz	3,276	3.49	11,433.24

Source: Boston Distributors, Maple Heights, Ohio, for Jan. 1, 1985, through May 17, 1985. Boston supplies over 750 stores, including about 400 discount stores, in 18 states. Average retail prices listed by the distributor reflect typical price points for discount stores.

1.99 Each
1.59
5 for $1
1.29
.99 Pack
.99 Each
.99 Each
.99 Each
1.59 Package
2.07 Bag
GLAD

Sassoon shampoo and rinse, often grouped in ads, get a boost in this Target ad with the most recent addition of mousse and gel, also priced at $1.99. Ad page also features 99¢ toothbrushes decorated with Muppet characters.

Blades, Razors Got $680M Slice in '84

BOSTON — Retail sales of blades and razors in the United States totaled $680 million last year, according to a Gillette consumer study report.

The bulk of the business, $646 million, came from sales of blades, including disposable razors, with the remaining $34 million from the razor market.

However, unit movement in the blade and razor industry for 1984 remained flat at two billion for blades and 15 million for razors.

The study segmented the blade and razor market into two categories: disposables and permanent systems which require replaceable blades, blade cartridges and injector refills.

Combined, cartridges, blades and injector refills used with permanent razor handle systems take the majority of the razor and blade business, accounting for 57% of total blade units sold and 65% of total dollars generated at retail.

In that segment, cartridges have the largest share of the permanent systems sold, accounting for 31% of sales in the retail blade market. Double-edge blades generate 8% of total sales in the blade market.

Rising Trend

In unit sales, disposables make up 43% of the blade and razor market, an increase from a 38% share in 1983. Sales in these disposables were 35% of the total blade and razor market in 1984, up from 32% during the previous year.

The study also noted that 78% of all male shavers, age 15 and over, shave with razors or blades; electric razors are used by 22% of male shavers. The study estimates that 90% of all men in this country age 15 and over, or 78 million, shave regularly.

Also, 92% of all women, age 13 and over, who shave regularly, use a blade razor product, of which 76% use products targeted for men.

The study has determined that over 78 million women, age 13 years and older, shave regularly, representing 79% of the female population.

Why does Amity outsell other wallets?

AMITY
Framed Purse

Amity keeps out-selling the competition year in and year out.

For a number of profitable reasons.

Amity is the only brand in its market that consistently advertises nationally, so customers are on the lookout for our products.

Amity specializes in mass merchandisers, so we know the products you want and the prices you need.

Amity follows-through with service to make certain the product presentation and inventory is maintained in your stores.

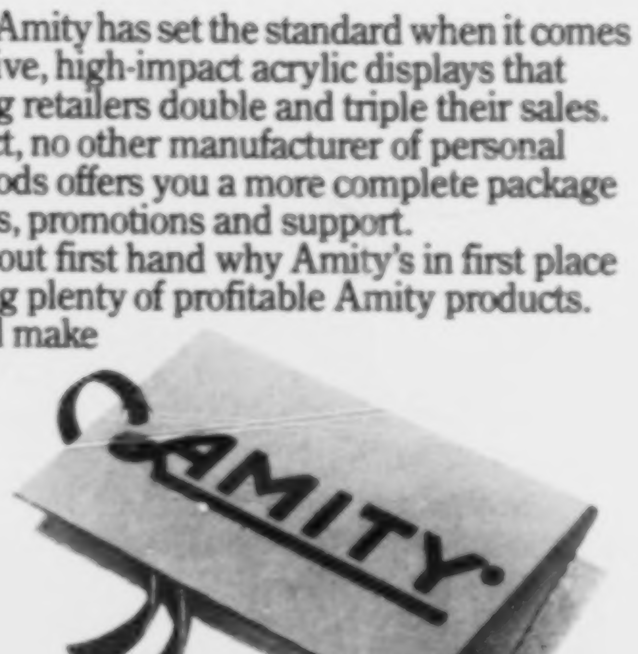
Amity's high-quality products are made right, right here in America, which is important to your customers.

And Amity has set the standard when it comes to innovative, high-impact acrylic displays that are helping retailers double and triple their sales.

In fact, no other manufacturer of personal leather goods offers you a more complete package of products, promotions and support.

Find out first hand why Amity's in first place by stocking plenty of profitable Amity products.

You'll make
money
hand
over fist.



CRAFTED WITH PRIDE IN USA

Giving you more for the money.™

7/22/85 C515 O-3

Discount Store

THE NEWSPAPER OF DISCOUNT RETAILI

00240370 DS
MS JEANNE LONG
CONGRESSIONAL INFOR SVC 1HX
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

VOL. 24, NO. 15

Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.

$20 For Census Issue
JULY 22, 1985

% of Shoppers Who Prefer Discount Stores For . . .

Category	March 1985	March 1984	Percentage Point Change
Toys	40%	31%	+ 9
Housewares	39	NA	–
Small Appliances	36	NA	–
Children's Clothes	31	NA	–
Sheets and Towels	31	NA	–
Sporting Goods	22	19	+ 3
Casual Clothes	19	9	+10
Hardware	18	NA	–
Consumer Electronics	17	13	+ 4
Auto Supplies	13	13	–
Dressy Clothes	7	6	+ 1

NA: Not available

Source: DSN/*Leo J. Shapiro & Associates*

Discounters Add Patrons, Particularly For Apparel

NEW YORK — Consumers perceive that full-price retailers are less promotional than a year ago, which is driving more shoppers to discounters—particularly for apparel.

At the same time, discounter efforts to strengthen apparel merchandising are taking hold. More than twice as many of the nation's shoppers as a year ago —19%—say they prefer to buy casual clothes at discounters, according to a recent nationwide survey conducted for *Discount Store News*.

This marked shift toward discounters as a preferred place to buy casual clothes helped trigger a considerable gain by discounters in their total share of discount-price-seeking customer traffic.

Today, discounters capture 56% of customers for merchandise sales at less than full price—up from 37% last year, when department stores snared 9% and Sears, J. C. Penney and Montgomery Ward got a combined 54%.

This third national consumer survey was conducted for *Discount Store News* by Leo J. Shapiro & Associates, Chicago. A total of 2,250 households were polled on their shopping habits for discounted merchandise in 11 product categories.

Overall, 70% of the nation's households said they usually pay less than full price for goods in the categories studied, including: electronics, toys, sporting goods, automotive supplies, children's clothes, hardware, housewares, appliances, casual and dressy apparel, sheets and towels. That's up from 66% a year ago.

Discount department stores scored their greatest gains in customer support in the area of casual clothes and toys.

In the most recent survey, 19% of shoppers polled said they prefer to buy casual clothes at discount department stores, more than double last year's 9% response; toy "fans" rose to 40% from 31% in the past year. Only the auto supply category didn't gain in consumer acceptance, cited by 13% of consumers polled in both 1984 and 1985.

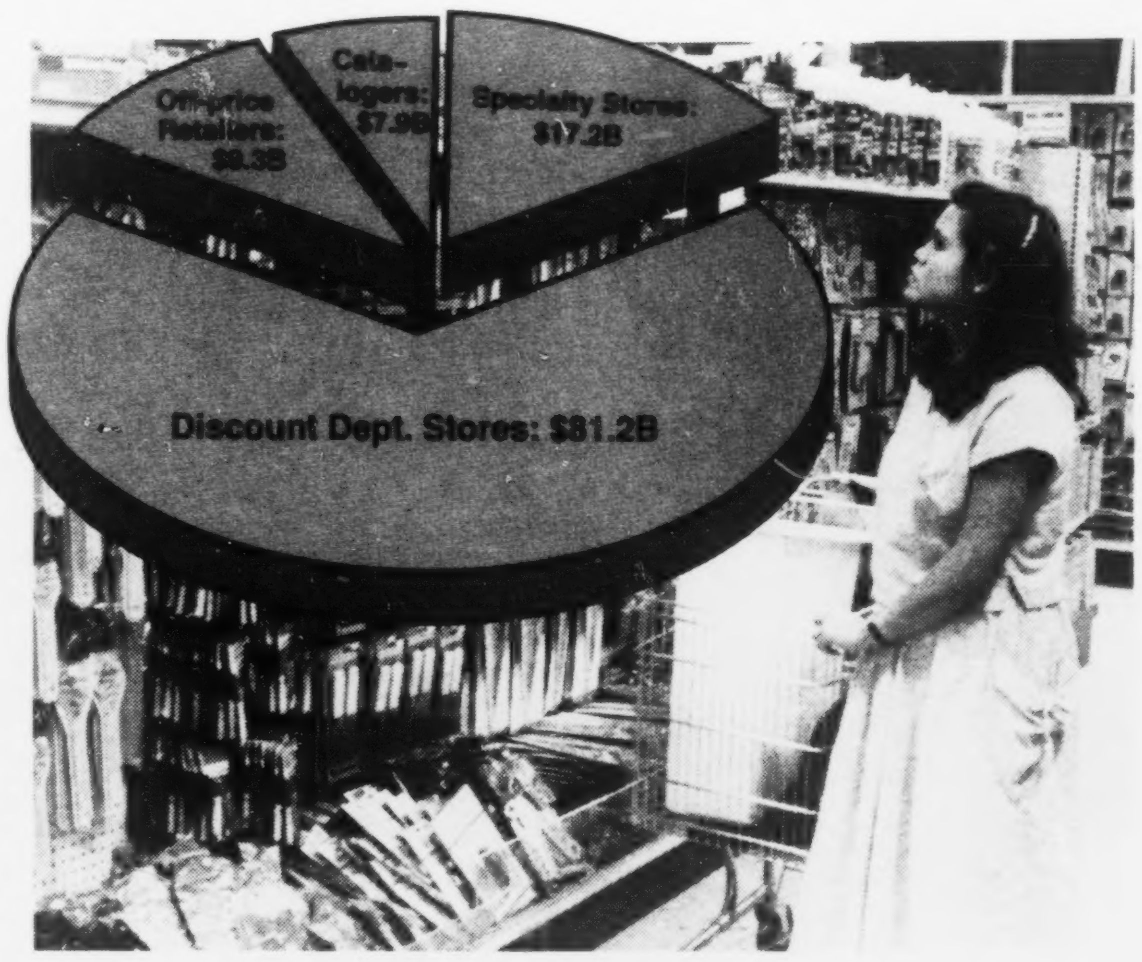
Toys (40%) also headed the list when shoppers were asked what merchandise they prefer to buy at discount department stores, followed closely by housewares (39%) and small appliances (36%). Dressy apparel finished last with only 7% of the interviewees naming discounters as a shopping source.

That consumers today expect to pay less than full price at every kind of retailer outlet was clear: The study showed that 3 out of 4 Ward, Sears and Penney shoppers are used to paying and expect to pay less than full price for the merchandise categories studied. The same holds true for nearly 2 out of 3 department store shoppers and more than 50% of specialty store shoppers.

(Continued on page 4B)

Discounters to Hit $115.6B; Specialty Chains Are Hot

Nationwide DSN Report



Discounters will hit the $115.6 billion mark in sales this year, spurred on primarily by growth in the specialty store sector, where gains are expected to run nearly 20% over last year's sales.

Discount department stores are projected to register a 2%-3% rise in sales over the previous year.

The past year has been characterized by a continuing consolidation of the discounting industry, as major chains grew larger, both through acquisition and/or diversification into alternate forms of retailing. One particularly noteworthy development was the rise of membership warehouse clubs; five of them achieved sales of more than $100 million in their most recent fiscal year, topped by The Price Club's $1.16 billion.

The rise of the big chains is also illustrated by a comparison with last year's listing of the Top 100 chains. A year ago, the 100th chain on the list had annual volume of $75 million; this year, the bottom-ranked chain had sales in its most recent year of $102 million.

Catalog showrooms, which are expected to achieve sales about even with last year's $8 billion, have been among the most affected by consolidation. The big move was Service Merchandise's purchase of H. J. Wilson and Ellman's.

On the current Top 100 list, Service holds a solid eighth place position with its $1.6 billion in sales. With the addition of Wilson's $521 million and Ellman's $75 million in their most recent fiscal years, Service would vault to a virtual fifth place tie with Zayre at $2.2 billion—also placing it neck and neck with Best Products for leadership in the catalog showroom industry.

Off-price apparel merchants are expected to show a solid 8% growth this year, to $9.3 billion in sales. That category is led overwhelmingly by Marshalls and T. J. Maxx, with sales of $1.2 billion and $650 million, respectively, in their most recent fiscal years.

The consolidation theme is readily apparent among discount department stores. Among significant developments over the past year were Fred Meyer's purchase of Grand Central Stores; Zayre's acquisition of Gaylords and the recent purchase of G. C. Murphy by Ames. In addition, Bradlees recently acquired 18 Philadelphia-area Jefferson Ward stores.

Major discount department store operators have also been increasing their diversification efforts into alternate kinds of retailing. K mart, the top discounter, has been steadily adding to its Payless Northwest, Builders Square home centers, Waldenbooks and Designer Depot operations.

(Continued on page 15)

Remerchandised Chain Maps Major Expansion

Single Caldors to Invade Philly, D.C.

NORWALK, Conn. — A remerchandised Caldor is headed for two new East Coast markets late this fall.

Single-unit entries into Philadelphia and Washington, D.C., markets will lay the groundwork for major expansion as part of a two-tier growth plan chairman James Guinan and president Leonard Williams have mapped for the $1.3 billion chain.

The market entries in Philadelphia and Washington will place Caldor in two markets already being tackled through multistore moves by its most direct upscale discount store competitor—Bradlees.

The Guinan/Williams management team, reunited at Caldor nine months ago after a similar partnership at Gold Circle in 1983, is after two things:

First, to expand the chain by building up areas around its southern-most existing market—Baltimore. Fill-ins in the new markets of Philadelphia and Washington, combined with additional openings on Long Island, will fuel 10 to 20

(Continued on page 131)

IN BRIEF

- **COOK UNITED HAS SIGNED A LETTER OF INTENT TO** recapitalize under a plan that will give New York-based Retail Strategies Inc. control of the discounter. Creditors had earlier approved an RSI plan over one offered by a unit of Vancouver-based First City Financial Corp.
- **GERALD KANTER HAS BEEN NAMED PRESIDENT OF** Marshalis, Melville Corp.'s off-price apparel chain. Kanter recently resigned as president of Ames department stores. At Marshalls, he replaces Frank Brenton, who was made chairman, a new position.

'85 Discount Store Census

- *Chain Analysis: Pp. 15-88*
- *Top 100 Discounters: P. 17*
- *Merchandising Analysis: Pp. 91-123*

Index

Classified 124-130
Discounter Management
  Development Series . . . 130A
Editorial Page 9
Executive Changes. 13
Manufacturer News 130
Stock Update 4

Consumers' Appetite Grows For Discount Shopping

(Continued from page 1)

One trend emerging in the most recent study is that consumers believe that full-pricers have begun scaling down their sales in order to protect their identity and not become upscale versions of a discount store.

As examples, only 24% of shoppers for casual clothes reported the department store they prefer to shop usually sells those goods at a discount, down from 37% last year. The slowdown in full-pricer sales was also spotted in hard goods: 50% said the same about consumer electronics in 1985, down from 73% the year before.

Overall, just 21% of shoppers polled said their favorite department stores usually discounted the merchandise they want to buy, compared to 35% a year ago. For Sears, Penney and Ward shoppers, the downtrend was the same, falling to 31% from 55%, and for nondiscount specialty stores, to 41% from 52%.

Discounters have been able to strengthen their standing, in part because consumers believe full-pricers' pricing competitiveness is lagging, and also because they're becoming increasingly attuned to discounters' way of doing business.

Survey findings show that discounters are successfully maintaining their low-price image while boosting their status as merchants of name-brand and quality goods.

When shoppers were asked to rank reasons why they shop discounters, variety and merchandise quality copped the No. 1 and 2 spots—surpassing low prices as the prime purchase motivator. Sales promotions ranked fourth, while availability of name-brand goods rose to No. 6 from an earlier study.

Consumers are more aware of discounters' brand-name offerings thanks to increased promotional advertising. However, the intensified sales promotions in the first quarter were partly triggered by high inventories carried over from a disappointing Christmas season, so it remains unclear as to whether this marks the start of a long-term escalation in discounter advertising.

One result of the advertising is clear, however: sales traffic appears to be shifting from the full-price retailer to the discounter.

In March, consumers made 36% of shopping trips for sales to discounters, up from 25% a year earlier. Full-pricers felt the full brunt of that, accounting for 64% of sale-induced trips, down from 75% a year ago.

Ads also pulled a greater number of shoppers, according to the survey. In the most recent polling, 46% of shoppers who noticed sales actually shopped them, compared with 39% a year earlier.

Discounter sales apparently have more credibility than those of full-pricers, which consumers associate with clearances and leftovers.

Shoppers felt discounters offered better sale prices, by a 47% to 41% margin, and better selection, by a 36% to 29% margin. However, full-pricers still held the edge on quality of sale merchandise, by a 23% to 16% margin.

"This means that for discounters to hold the gains they've made, they'll increasingly have to respond to consumer concerns about quality. Growing acceptance of the discounter . . . suggests that consumers hope to find acceptable merchandise quality at the discounter, and to avoid trade-offs of quality for price that compromise the standard they are trying to achieve," the study said.

"The effort being made . . . to shift the consumer's attention toward quality by testing price points and by introducing brands, labels and designers appears timely. Current industry momentum should make it increasingly possible for discounters to compete for significant brands," it added.

Consumers Rank Benefits of Shopping at Discounters

Ranking	Advantages
1.	Variety/Selection
2.	Quality
3.	Reasonable prices/ lower prices
4.	Sale periods
5.	Good return policy
6.	Carry name brands
7.	Good service
8.	Location closer to home
9.	Buy when need, don't like shopping around

Source: DSN/*Leo J. Shapiro & Associates*

Retailers' Share of Discount-Seeking Traffic

Store Type	March 1984	March 1985
Discount Department Store	22%	33%
Discount Specialty Store	13	18
Catalog Showroom	4	5
Discounter Total	39	56
Full-Price Retailers	61	44

Source: DSN/*Leo J. Shapiro & Associates*

% of Shoppers Who Usually Pay Less Than Full Price For . . .

Category	March 1985	March 1984	Percentage-Point Change
Sheets and Towels	86%	NA	—
Consumer Electronics	83	80	+3
Small Appliances	79	NA	—
Housewares	78	NA	—
Toys	75	70	+5
Children's Clothes	74	NA	—
Casual Clothes	73	64	+9
Sporting Goods	71	73	−2
Hardware	64	NA	—
Dressy Clothing	58	55	+3
Auto Supplies	57	54	+3
Average Who Usually Pay Less Than Full Price	70	66	+4

Source: DSN/*Leo J. Shapiro & Associates* *NA: Not Available*

Retailer Shopped for Sale

	March 1985	March 1984
All Who Shopped Sale in Past Month at . . .	100%	100%
Full-Price Retailer	64	75
Discounter	36	25

Source: DSN/*Leo J. Shapiro & Associates*

Impact of Sales

	January 1985	January 1984
Consumer Noticed a Sale in Past Month	87%	86%
Shopped	46	39
Not Shopped	41	47

Source: DSN/*Leo J. Shapiro & Associates*

Electronic Retailing

(Continued from page 3)

for example, has a handful of machines in operation, three in a company "store" in a Lancaster, Pa., shopping center, and the rest being tested in a few supermarkets.

ByVideo's UniPort is being tested by Avon, while Electronistore, so far, hasn't placed any machines with any retailers.

CompuSave has "arbitrarily selected" $60 million and $150 million as "sales thresholds" for the fiscal years ending May 1986 and May 1987, according to a recent prospectus.

That prospectus was for 278,000 shares of 8% cumulative convertible preferred stock, an offer that the company itself underwrote and which raised $5,564,000, with $5,125,800 going to the firm to fuel its operations for at least a year. If cash flow from operations doesn't meet expectations, CompuSave could have to resort to bank, equity or debt financing, the prospectus added.

The figures "aren't projections of future sales," stresses Richard Smith, director of corporate affairs, but are what the company "feels are easily obtainable goals."

Those figures represent a combination of sales of Touch-n-Save machines and merchandise, but no breakdown was available. The company recently started its retailing operation and was manufacturing seven to 10 machines a day, with 20 a day as its goal (on a five-day working shift).

The Touch-n-Save program, which costs retailers $7,500, includes an AMM-1000 machine and complete software and marketing support.

Retailers, in turn, receive 5% of the sales from each machine in their stores which CompuSave projects will generate $200 a day in volume.

This figure is based on CompuSave's market research, including tracking of sales from about a dozen pilot machines during a test last fall in Cleveland, Indianapolis and Los Angeles. The test showed that each unit handled four transactions a day, with each sale averaging more than $50.

The software support consists of the laser videodisc, which contains the merchandising programs that currently offer 2,800 sku's in 24 hard goods departments, along with maintenance of the entire Touch-n-Save system.

Under present plans, the videodisc will be updated every three months and eventually every 30-60 days. Each videodisc costs CompuSave $6 to produce.

The marketing effort involves TV and print ads, including flyers that list goods on promotion. The flyers are housed in a pocket in the side of the AMM-1000.

The stock offer played a major role in CompuSave's becoming an operational retailer and manufacturer, as almost all of the $5.1 million will be used for merchandise, marketing and production of the AMM-1000s.

Of the total, $1.5 million will be used for inventory that is being stocked in a 40,000-sq.-ft. warehouse opened here about a month ago. CompuSave didn't own any mechandise when it started in mid-1983, planning to offer goods warehoused by the Costco membership warehouse and the B. A. Pargh wholesale arm of cataloger Service Merchandise.

When continuity and variety of merchandise problems arose, CompuSave decided to become a retailer and hired a retailing staff, and began purchasing goods. Its inventory amounted to $321,425 as of Feb. 28, the end of its fiscal third quarter.

That merchandise position covered the pilot Touch-n-Save program prior to the start of CompuSave's all-out merchandising and market effort which began in the spring.

One half million dollars from the stock offer will be used for merchandise promotions and marketing of the AMM-1000s.

Another $1,125,000 will be used for components to assemble the machines and help to speed up production, while $1,100,000 will be used for a variety of capital equipment needs: items to test the AMM-1000, program the videodisc, upgrade the mainframe computer that runs the Touch-n-Save system and warehouse and office equipment.

Three hundred and seventy-five thousand dollars is down for videodisc production and programming costs, including updating the master videodisc.

The remaining $525,800 will be used for working capital.

Besides opening the warehouse, CompuSave also moved into an adjacent 35,000-sq.-ft. office and manufacturing plant that replaced its older 14,400-sq.-ft. facility.

Sales of the AMM-1000 mark a sharp departure from CompuSave's plan to lease the units. The change was made, Smith said, for three reasons:

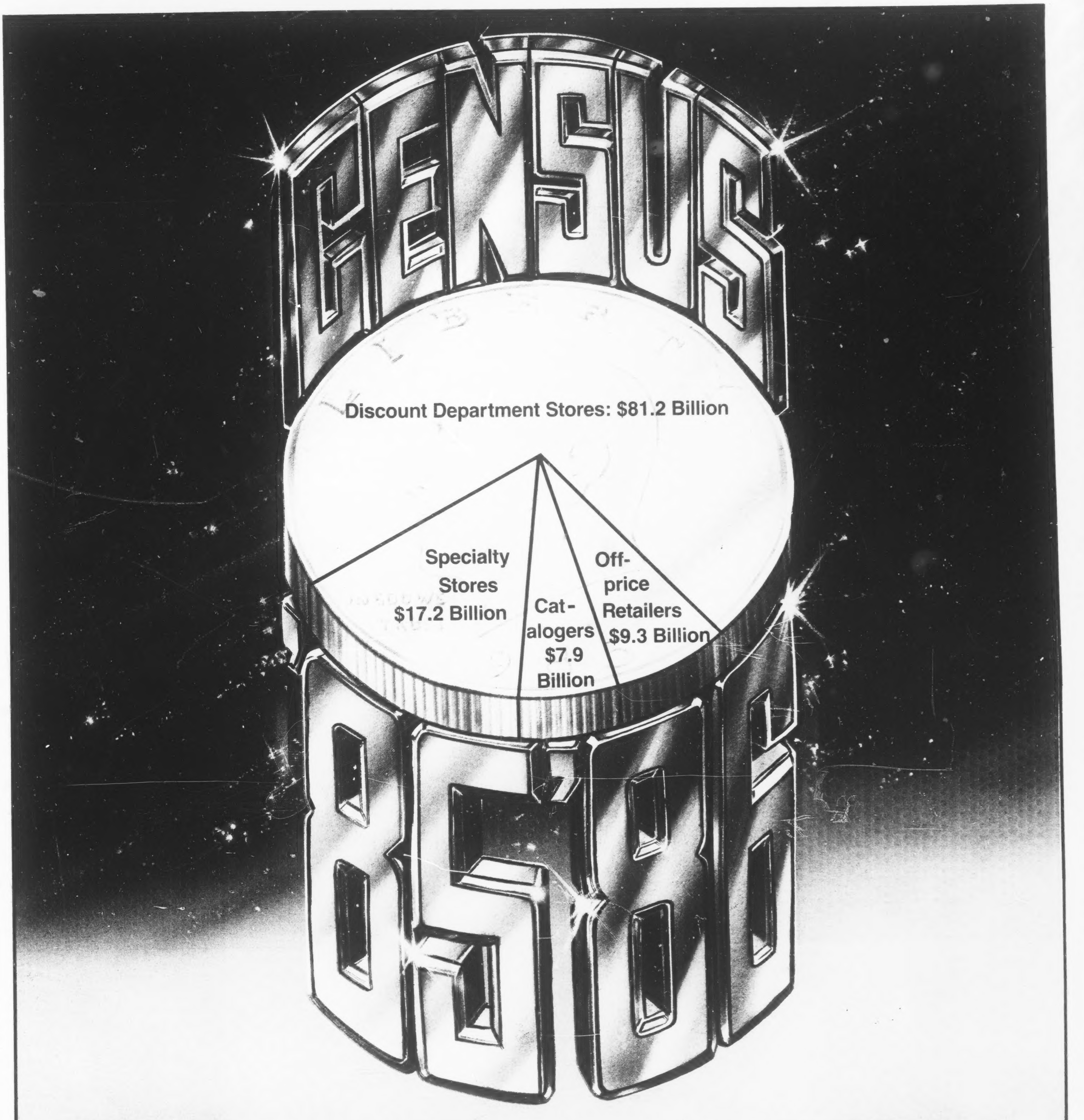
Retailers' ownership of the machines would give them a direct interest in the success of the Touch-n-Save system, including spotting the AMM-1000 in a high traffic location for maximum consumer use.

Sale, he added, also would enable CompuSave to more quickly recover its research and development and manufacturing costs. Its developmental losses through Dec. 31, 1984, were approximately $1,528,000, according to the prospectus.

Finally, selling the machines meant that CompuSave would be treated as a distributor by merchandise manufacturers, able to buy at the lowest possible wholesale price.

This purchasing, Smith said, will allow CompuSave to offer merchandise at 25% to 50% below traditional retail costs. A recent flyer included a guarantee to consumers that "our prices are the lowest or we'll pay you double the difference if you find a lower advertised price in your areas within 30 days after you've made your purchase."

Discount Store News®
THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY



The Discount Marketplace: $115.6 Billion

(Continued from page 1)

Second ranked Wal-Mart, while still adding more than a hundred stores this year to its base discount department store business, is also planning a dozen Sam's Warehouse Club units, bringing that operation to 23 outlets.

Another discounter which has moved into the membership warehouse club field is Zayre, which in the past year opened the doors of its first BJ's Wholesale Club units, and expects to end the current year with six.

Service Merchandise is also stepping up the expansion pace for its MR. HOW Warehouse home center chain.

Expansion is also the name of the game among the leading specialty discount chains. Toys "R" Us, which continues to dominate toy specialists, this year cracks the 200-store mark on the way to a projected 233 by year's end.

Among consumer electronics chains, the big get bigger. Circuit City's unit count will drop due to the expiration of about 30 leases for departments in Zodys stores, but the company this year is beginning a major move into the Los Angeles market.

At the same time, Highland Superstores, fueled by funds generated from its initial public offering, is embarking on a rollout of a planned 15 stores in the Houston and Chicago markets by the middle of next year.

The Federated Group will focus its store openings this year in its original California-Arizona markets and its building south central region.

The two top sporting goods chains are also slated for further growth. Herman's plans to add 12 stores this year, and continue development of its fledgling Total Sports chain. Oshman's has 20 new stores on the books for the current year.

After a year in which store count dropped by 314, the top 10 automotive chains are planning a net gain of 120 stores for the current year.

Section Highlights

Industry Analysis: The Key Players............ 15-88

Top 100 Discount Chains........ 17
Profiles:
The 10 Largest Chains...... 62-88
Metro, State Concentrations .. 31, 47
Regional 25
Top 25 Specialty Discount Chains .50
By Industry Segment....... 59-60
Top 10 Catalog Showrooms 59
24-Year History of Discount Dept. Stores 20

Merchandise Analysis: The Key Departments .. 91-123

CENSUS '85/'86

The Discount Industry's Top 100 Chains

		Volume in Millions		Net Earnings (Loss) in Millions		No. of Stores			Net Selling Space (Sq. Ft.) (Add 000)		
Rank	Chain (HQ state in parentheses)	General Merchandise Last Fiscal Yr.	General Merchandise Prev. Fiscal Yr.	Last Fiscal Yr.	Prev. Fiscal Yr.	1/85	12/85	To Be Added, 1986	1/85	12/85	To Be Added, 1986
1	**K mart (Mich.)**	$21,040[A]	$18,871[A]	$492.9	$487.2	2,173	2,196	35	124,200	125,500	200
2	**Wal-Mart (Ark.)**	6,268	4,744	270.8	196.2	745	860	115	37,350	43,115	5,776
3	**Target (Minn.)**	3,550	3,118	235.6**	176.8**	217	230	—	21,210	22,481	—
4	**Best Products (Va.)**	2,253	2,081	13.6	37.1	204	214	—	6,120	6,420	—
5	**Zayre (Mass.)**	2,195	1,902	122.2**	90.8**	290	325[B]	20	16,078	17,907	1,108
6	T.G. & Y. (Okla.)	2,020	2,020	—	—	743	733	—	21,875	21,650	—
7	Toys "R" Us (N.J.)	1,701	1,320	111.4	92.3	198	233	—	4,950	5,825	—
8	Service Merchandise (Tenn.)	1,607	1,458	44.6	44.9	175	290[C]	20	3,500	5,800	400
9	Bradlees (Mass.)	1,404[D]	1,183[D]	85.2**	80.5**	132	150[E]	—	9,273	10,538	—
10	Gemco (Calif.)	1,247	1,153*	12.7	47.5**	77	80	2	6,160	6,400	160
11	**Caldor (Conn.)**	1,257*	1,120*	—	—	103	108	5	8,240	8,640	400
12	**Marshalls (Mass.)**	1,190	1,061	—	—	209	224	—	6,270	6,720	—
13	**Hills (Mass.)**	1,170*	1,026*	89.1**	83.1**	123	125	13	8,030	8,150	850
14	**Price Club (Calif.)**	1,164[F]	643	28.6	14.7	19	25	—	1,900	2,500	—
15	**Fred Meyer (Ore.)**	1,128*	875*	—	—	91[G]	91	—	6,675[G]	6,675	—
16	Pay Less (Ore.)	1,083*[H]	958	—	24.7	159	179	—	3,820	4,296	—
17	Meijer (Mich.)	960*	933*	—	—	51	54	—	6,172[I]	6,534	—
18	Roses (N.C.)	927	829[J]	23.9	21.9	193	205	25	7,444	7,947	600
19	Venture (Mo.)	915	794	49.8**	43.6**	57	62	5	4,560	4,960	400
20	Ames (Conn.)	822	647	28.5	19.9	180	321[K]	—	7,525	14,186	—
21	**Western Auto (Mo.)**	698[L]	560	30.1	16.6	2,590	2,269	—	1,512[L]	1,379	—
22	**T. J. Maxx (Mass.)**	649*	475*	64.2[M]	54.8[M]	156	191	35	3,120	3,820	700
23	**Murphy's Mart (Pa.)**	634[N]	589	20.1*	18.4	119	—	—	5,786	—	—
24	**Gold Circle (Ohio)**	628	590	32.3[P]	39.5[P]	51	51	—	3,927	3,927	—
25	**ShopKo (Wis.)**	610	475	31.7**	30.6**	49	59	—	3,174	3,775	—
26	Fedco (Calif.)	540*	535*	—	—	8	8	0	675	675	0
27	Jefferson Ward (Fla.)	525*[Q]	500*	—	—	44	—	—	3,588	—	—
28	H. J. Wilson (La.)	521[R]	514	(3.3)	8.8	79[R]	—	—	2,370	—	—
29	Circuit City (Va.)	519	357	20.2	12.0	93	90	—	800	744	—
30	Alexander's (N.Y.)	517[S]	511	4.0[S]	4.6	15	15	—	3,743	3,743[I]	—
31	**Jamesway (N.J.)**	493	433	13.3	11.5	85	94	5	4,880	5,358	285
32	**Dollar General (Ky.)**	481	347	20.6	15.1	1,080	1,290	—	5,400	6,800	—
33	**Consumers Distributing (N.J.)**	451[T]	370[T]	(4.6)**	(0.8)**	160	170	—	403	425	—
34	**Pamida (Neb.)**	451	410	11.1	14.9	160	167	6	3,598	3,772	174
35	**Child World (Mass.)**	435	360	—	—	104	121	23	2,600	3,025	575
36	Richway (Ga.)	432	401	32.3[P]	39.5[P]	31	32	—	2,300	2,368	—
37	Heck's (W. Va.)	405	381	(6.0)**	22.4**	125	135	—	4,734	5,400	—
38	Herman's (N.J.)	368	317	14.7	12.5	115	130	15	1,173	1,326	153
39	Zodys (Calif.)	363*	455*	—	—	33	33	—	2,440	2,440	—
40	Highland (Mich.)	359	270	14.8	8.2	33	42	13	667	848	262
41	**ALCO (Kan.)**	351	304	4.8	8.6	126	132	—	3,780	3,960	—
42	**Pep Boys (Pa.)**	348	306	18.3	15.5	140	160	—	2,800	3,200	—
43	**Kay Bee (Mass.)**	347	281	45.2**	41.4**	533	593	50	1,865	2,075	175
44	**Family Dollar (N.C.)**	341	264	23.6	15.7	820	1,000	—	4,920	6,500	—
45	**Burlington Coat (N.J.)**	339	220	17.5	12.0	68	80	20	3,808	4,480	1,120
46	Silo (Pa.)	330*	275*	—	—	97	111	—	1,940	2,220	—
47	Howard Bros. (La.)	320	340	—	—	89	89	—	4,330	4,330	—
48	Value City (Ohio)	309*[S]	275*	27.8[S]	27.1	35	35	—	2,125	2,125	—
49	Loehmann's (N.Y.)	305*	285*	—	—	72	85	10	1,080	1,275	150
50	Oshman's (Tex.)	304	283	10.1	10.3	192	212	—	1,920	2,120	—
51	**Cook United (Ohio)**	300[U]	555	(25.3)	(66.9)	53	53	—	3,020	3,020	—
52	**OTASCO (Okla.)**	300*[L]	300*[L]	—	—	550	550	—	6,325	6,325	—
53	**S.E. Nichols (N.Y.)**	294	277	6.3	6.8	44	44	—	3,320	3,320	—
54	**Lechmere (Mass.)**	280	227	—	—	7	9	7	890	1,000	385
55	**Hit or Miss (Mass.)**	278*	236*	64.2[M]	54.8[M]	401	448	25	1,404	1,569	875
56	Lucky Auto Div. (Ariz.)	275*	250*	—	—	459	376	55	1,836	1,504	220
57	TSS-Seedman's (N.Y.)	275*	255*	—	—	21	21	—	1,589	1,589	—
58	Ardan (Iowa)	250*	279*	—	—	51	48	—	1,275	1,200	—
59	Clover (Pa.)	250*	205*	—	—	19	19	—	1,231	1,231	—
60	Fishers Big Wheel (Pa.)	237*	215*	—	—	73	81	8	2,774	3,078	304
61	**Pic 'N Save (Calif.)**	235	227	36.5	36.5	90	95	5	1,350	1,425	75
62	**The Federated Group (Calif.)**	230	138	11.6	6.1	42	50	19	970	1,155	439
63	**Lionel Leisure (Pa.)**	225[U]	198	7.2**	(7.2)**	53	60	—	1,300	1,500	—
64	**Bi-Mart (Ore.)**	220*	207*	—	—	33	33	—	990	990	—
65	**Sam's Wholesale (Ark.)**	220*	34*	—	—	11	23	15	1,034	2,162	1,410
66	Ann & Hope (R.I.)	215*	205*	—	—	6	6	—	900	900	—
67	Ross Stores (Calif.)	210	80	6.7	—	66	100	33	1,980	3,000	990
68	Syms (N.Y.)	204	179	12.7	10.3	14	16	2	561	641	80
69	Pacific Stereo (Calif.)	200*	170*	—	—	85	89	—	391	409	—
70	Filene's Basement (Mass.)	189	151	—	—	15	17	—	470	520	—
71	**Gee Bee (Pa.)**	179	155	12.7	9.8	21	21	—	1,659	1,659	—
72	**White Stores (Tex.)**	179[L]	161[L]	—	—	323	303	—	NA	NA	—
73	**Makro (Ohio)**	170*	162*	—	—	4	4	—	700	700	—
74	**Chief Auto (Tex.)**	169*	148*	—	—	296	337	—	1,095	1,247	—
75	**Crazy Eddie (N.Y.)**	167	134	6.3	3.0	15	22	—	106	156	—
76	Big 5 (Calif.)	165*	150*	—	—	70	89	—	700	890	—
77	Danners (Ind.)	165	143	0.2**	(0.9)	35	35	—	1,488	1,488	—
78	Fretter (Mich.)	160	116	—	—	29	36	—	406	504	—
79	Harts (Ohio)	159[D][F]	146	5.1**	5.6**	27	27	—	1,302	1,302	—
80	Grand Auto (Calif.)	154	140	9.3	5.1	84	115	—	756	1,035	—
81	**Nationwise (Ohio)**	150*	92*	—	—	140	165	—	1,330	1,568	—
82	**Warehouse Club (Ill.)**	150*	15*	—	—	5	10	—	450	900	—
83	**L. Luria & Son (Fla.)**	149	145	NA[V]	6.8	35	38	3	350	380	30
84	**W. Bell (Md.)**	146	138	NA[V]	2.6	18	21	—	180	210	—
85	**Rich's (Mass.)**	143	130	—	—	16	17	2	1,000	1,100	125
86	United Jewelers (Tex.)	139[F]	142	10.7**	14.9**	57	62	5	727	790	63
87	Quality Stores (Mich.)	138*	134*	—	—	39	39	—	801	801	—
88	Designer Depot (Mich.)	128*	NA	—	—	52	72	—	1,508	2,088	—
89	Jewelcor (Pa.)	128	129	6.5**	7.5**	25	25	—	438	438	—
90	Prange Way (Wis.)	128	120	—	—	20	20	1	1,265	1,265	85
91	**Chaffin (Kan.)**	125	100	—	—	32	33	0	860	950	—
92	**Value Club (Tex.)**	125*	120*	—	—	5	6	—	450	540	—
93	**Sportmart (Ill.)**	123*	90*	—	—	11	12	—	330	360	—
94	**Smitty's (Ariz.)**	120*	115*	—	—	20	20	—	1,600	1,600	—
95	**Sky City (N.C.)**	118*	115*	—	—	73	73	—	2,555	2,555	—
96	Newmark & Lewis (N.Y.)	112	87	2.5	1.3	25	27	—	250	270	—
97	Modell's (N.Y.)	110*	107*	—	—	6	6	—	675	675	—
98	Sunset Sports (Utah)	110*	100*	—	—	36	40	—	540	600	—
99	McDade & Co. (Ill.)	105*	102*	—	—	7	8	—	280	320	—
100	Costco (Wash.)	102*[W]	0	—	—	12	21	—	1,140	1,995	—

*DSN *estimate.*

***Operating income.*

N.A.—Not available.

[A] *Includes U.S. & Canadian K marts; earnings for retail operations.*

[B] *Includes 33 Gaylords acquired 5/85.*

[C] *Includes H. J. Wilson & Ellman's chains bought 5/85.*

[D] *Excludes leased departments.*

[E] *Includes 18 Jefferson Ward stores.*

[F] *For fiscal year ended 8/84.*

[G] *Includes 30 Grand Central stores @ 63,156 net sq. ft. of selling space each.*

[H] *Acquired by K mart 3/85.*

[I] *Gross square footage.*

[J] *Includes $34 million from sale of 53 variety stores.*

[K] *Includes acquisition of G. C. Murphy chain.*

[L] *Includes sales from company-owned stores and wholesale sales to franchisees; square footage reflects company-owned stores only.*

[M] *Operating income for Zayre's specialty store division.*

[N] *Acquired by Ames 6/85.*

[P] *Operating income for Federated Dept. Stores' mass merchandising division.*

[Q] *Being sold by parent Montgomery Ward at presstime.*

[R] *Acquired by Service Merchandise 6/85.*

[S] *For fiscal year ended 7/84.*

[T] *U.S. stores only; in Canadian dollars.*

[U] *Operating under Chapter 11.*

[V] *Fiscal year ended 6/85; earnings figures not available.*

[W] *First full year operation; fiscal year ends 9/84.*

Source: DSN *Research*

Discount Dept. Stores on Way to $81B-Plus in 1985

Year	Total Sales in Billions	Total Stores	Net Gain (Loss) of Stores	Total Sq. Ft. In Millions	Dollars Per Sq. Ft.	Avg. Sales Per Store in Millions	Avg. Store Size in Thousands Sq. Ft.
1985	$81.20*	8,161	52	606	$134.68*	$9.95*	74.25
1984	79.20*	8,109	(108)	604	131.19*	9.76*	74.44
1983	73.30*	8,217	(65)	579	126.51*	8.92*	70.51
1982	66.60*	8,282	118	584	114.05*	8.04*	70.50
1981	66.60	8,164	428	576	115.58	8.15	70.58
1980	60.50	7,736	470	546	110.79	7.82	70.60
1979	55.00	7,266	375	513	107.15	7.57	70.60
1978	50.00	6,891	353	490	101.95	7.26	71.11
1977	47.00	6,538	396	468	100.00	7.19	71.58
1976	44.00	6,142	606	442	99.00	7.16	71.96
1975	38.00	5,536	126	399	95.00	6.86	72.07
1974 (a)	34.40	5,410	448	389	88.00	6.40	71.90
1973	31.50	4,962	248	350	88.32	6.27	70.54
1972	28.15	4,720	376	344	81.83	5.96	72.88
1971	25.60	4,344	333	306	83.66	5.89	70.44
1970	22.50	4,011	398	276	81.52	5.61	68.81
1969	18.44	3,613	306	244	75.57	5.10	67.53
1968	16.35	3,307	302	222	73.64	4.94	67.13
1967	13.61	3,005	321	199	68.39	4.53	66.22
1966	11.51	2,684	236	171	67.30	4.29	63.71
1965	9.82	2,448	219	151	65.00	4.01	61.68
1964	8.46	2,229	60	136	62.20	3.79	61.01
1963	7.51	2,169	144	122	61.55	3.46	56.25
1962	6.00	2,025	—	107	56.00	2.96	52.84

*Doesn't include sales from discounter supermarkets. (a) Reflects 18-month period ended Dec. 31, 1974.

(Source DSN Research)

Nationwide DSN Report

Sales from discount department stores will cross the $81 billion mark by the end of this year—a modest 2.5% net increase over last year.

Flagging consumer willingness to spend, mostly in the face of the upward spiraling deficit, will temper discounters' business through the end of this year. Consumer confidence in the economy through the spring months was running lower than in the opening months of the year, according to figures released by The Conference Board, a New York research firm.

This slower but steady rate of growth is reflected in new-store openings which will show a net gain of 55 units by the end of this year. This gain comes mostly as the result of the ambitious store opening plans announced by Wal-Mart (115 units by year's end) and the more modest but steady growth plans of regional chains like ShopKo (10), Jamesway (9), Heck's (10) and Roses (12).

In 1984, the industry posted a net loss of 108 units following a series of store closings by chains around the country: Cook United (including its acquired Rink's stores), T.G. & Y., Zodys, Howard Bros., Maloney's, Matco and King's.

Sales per store for the period will increase to $9.95 million and sales per square foot will advance to $134.68 from $131.19 in calendar 1984.

It's a Throwback

After almost steadily declining growth in store size over much of the last 10 years, discounters began committing to larger selling spaces two years ago, primarily as the result of taking over larger existing stores rather than moving into new construction.

In merchandising, boys' men's wear and domestics lead the soft lines categories in volume gains. By the end of 1985, each area is projected to show a 6% advance over volume recorded last year. Boys'/men's wear sales will hit $8.7 billion; domestics will total $3.4 billion.

On the hard lines side of the store, toys and housewares will lead the way with 5% advances over 1984: Toys will account for $4.3 billion of the discount department stores' total volume; housewares will top $6.6 billion.

Women's wear continues to be the largest volume producing department in the store, producing $15 billion in sales this year. Sales per square foot in the area total $184, up from $176 a year ago.

The top gross volume-producing categories on a square-foot basis continue to be on the hard lines side of the store with photo/camera the leader with $599.

Personal care electrics ranks second with $444 in average per-square-foot sales.

Elsewhere in the store, stationery continues to gain increasing importance in discounters' merchandising plans as chains build home-office sales to take some of the seasonal pressure out of a once heavily back-to-school-dependent category.

Jewelry, too, continues to gather momentum, buoyed by changing fashion trends that favor large, flashy—and fairly inexpensively priced—costume jewelry accessories.

Why STP Anti-Freeze has you-know-who running scared:

Last year in test-market stores, STP Anti-Freeze/Coolant achieved an impressive share of the premium-price anti-freeze category. And this year promises to be even better.

Why did so many consumers break the same-old-anti-freeze habit? The power of the STP name. The patented easy-pour No-Glug Jug. And the STP/ALUGARD money-back guarantee of quality.

Add to that higher margins for you, and you have the most exciting new premium-price anti-freeze/coolant brand on the market. Call 1-800-ALUGARD for details.

Depend on STP proven performance.

STP Corporation, Boca Raton, Florida 3343
Easy Pour
No Glug Jug
STP
Anti-Freeze & Coolant
with ALUGARD
This formulation approved by all 4 major U.S. Car Makers
• Year-round protection for all domestic and imported cars.
• Can be added to your present anti-freeze.
• Protects all metals including aluminum.
STP

CENSUS '85/'86

Discount Department Stores by Region

Southeast Is Still Home to Most Units

Region	Proj. No. Stores All Discounters 12/85	% of Total	Proj. Net Selling Sq. Footage All Discounters (add 000) 12/85	% of Total
SOUTHEAST Ala., Fla., Ga., Ky., Miss., N.C., S.C., Tenn., Va., W. Va.	4,751	20.5	174,875	21.6
EAST CENTRAL Ill., Ind., Mich., Ohio., Wis.	3,591	15.5	141,032	17.5
SOUTHWEST Ariz., Ark., La., N.M., Okla., Tex.	3,215	13.9	115,914	14.3
MIDDLE ATLANTIC D.C., Del., Md., N.J., N.Y., Pa.	3,839	16.6	129,387	16.0
WEST CENTRAL Iowa, Kan., Minn., Mo., Neb., N.D., S.D.	1,956	8.5	74,356	9.2
PACIFIC Alaska, Calif., Hawaii, Ore., Wash.	2,298	9.9	75,462	9.3
NEW ENGLAND Conn., Me., Mass., N.H., R.I., Vt.	2,367	10.2	67,468	8.3
MOUNTAIN Colo., Idaho, Mont., Nev., Utah, Wyo.	1,116	4.8	29,911	3.7
TOTAL	23,133	100.0	808,405	100.0

Source: DSN research

Nationwide DSN Report

The 10-state Southeast region continues to be home to the greatest number of discount department stores and specialty discounters, and the most such retailer footage.

That region, together with the runners-up Middle Atlantic and East Central areas, each of which covers five industrial-oriented states, account for 52.6% of the total number of stores and 55.1% of the total footage for discounters, catalogers, off-pricers and specialty toy, sporting goods, auto and consumer electronic chains.

The 20 states in these three regional markets contain more than half of the nation's top 50 metro markets, areas that retailers prefer to locate stores in because of the dense population and greater sales potential.

Raw population figures aren't the only factors that determine where retailers will spot their stores. Another key factor is population and economic trends—which regions are growing and which are stagnant.

Outside of the top three areas, the only region that showed a percentage increase in stores was New England. This long dormant region, over the past few years, has seen a growth in population and economic activity as shut factories have been replaced by new high-tech businesses, such as computers and bio-chemical research and manufacture.

Different Emphasis

While all the regions have shown a growth in gross number of stores, in percentage terms the Southwest, West Central and Pacific are down slightly, the Middle Atlantic and Mountain States showed no change and the others are up slightly.

These changes reflect a number of diverse factors. Retailers are becoming cautious about opening stores in the economically troubled Sunbelt Southwest and farmbelt West Central regions; fewer sites are available as states and local communities act to slow down the conversion of farm, factory and residential areas to retail use, and companies try to cluster their stores in prime markets to obtain a headlock on sales before competitors can open units.

Folding Shopping Carts

"ENGINEERED TO LAST"

- Front, rear and bottom body panels have welded unit construction for greater strength.
- Rigid double brace corners and reinforcing bars insure against bent basket.
- 5/8" welded seamless handle and solid steel 3/8" axle.
- Five models to choose from . . . immediate delivery from stock.

NICKLE CHROME PLATED
AND
LACQUER DIPPED
FOR EXTENDED USE

All Models are individually boxed with a UPC symbol on the label. A large illustration of a Shopping Cart appears on the face of each box . . . excellent for display purposes.

– FREIGHT PREPAID –

PARKER METAL CORPORATION
P.O. BOX 128, WORCESTER, MA 01613 / (617) 791-7131

More Choices From Canon. More Chances For Profit.

Canon is the World's Leader in 35mm Photography, offering more camera models, in more types, styles and price ranges than ever before. For example our new Snappy S offers your customers 35mm quality at snapshot prices. And our new Sprint offers your customers exciting close-ups as near as 18 inches from the camera.

Canon is also the most heavily advertised 35mm line, with constant exposure on prime-time television and full-page, full color advertising in major consumer magazines like *PEOPLE, LIFE* and *SPORTS ILLUSTRATED.* These power-packed advertisements are bringing the Canon message to millions of your customers right now.

So if you want more chances for profit, offer more choices from Canon. It's the brand your customers ask for.

SLR CAMERAS

Canon T80

Canon automatic SLR cameras are designed for every type of photographer. They make camera handling push-button simple, so you can concentrate on your subject, not camera controls.

For example, our new T80 gives your customers a choice of the type of picture they want before they take it—action photos and portraits are easier than ever. And even focusing is automatic. For more serious photographers, the Canon T70

Canon T70

answers every demand, or makes photography focus-and-shoot simple. The economical Canon T50 is perfect for people who want the advantages of SLR cameras like interchangeable

Canon T50

Canon A-1

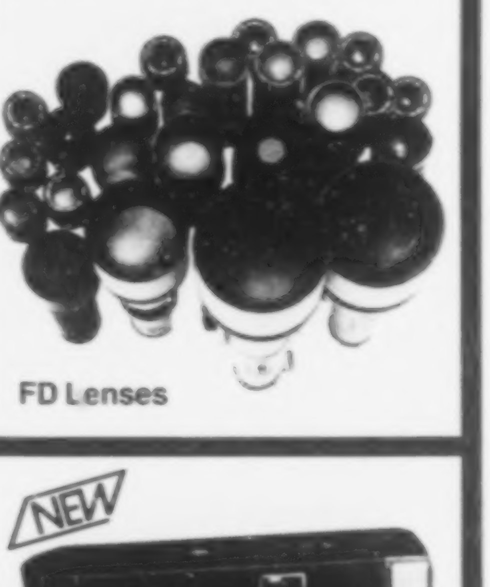
lenses, plus the simplicity of a snapshot camera.

Canon's popular "A" Series cameras have proven themselves over years of use. The A-1 is the camera that provides six different exposure modes to answer any photographic challenge. And the AE-1 PROGRAM is the world's most popular SLR camera. It gives your customers the convenience of programmed automation plus the sophistication of shutter-priority operation.

And Canon SLR cameras use more than 50 interchangeable Canon FD and AC (for T80 only)

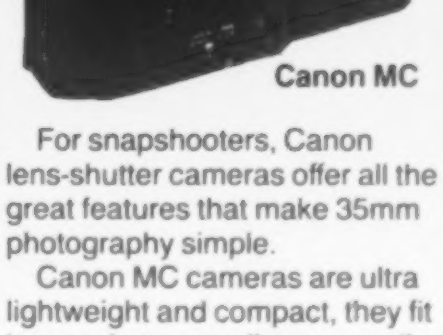
Canon AE-1 PROGRAM

lenses, as well as accessories like Canon Speedlites and Data Backs. You just can't outgrow a Canon SLR camera.



FD Lenses

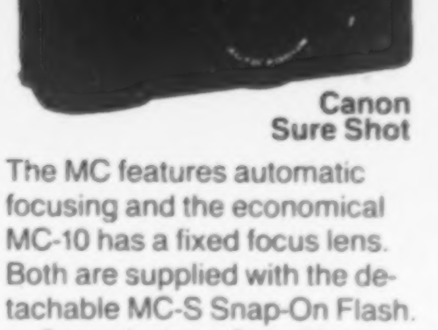
LENS-SHUTTER CAMERAS



Canon MC

For snapshooters, Canon lens-shutter cameras offer all the great features that make 35mm photography simple.

Canon MC cameras are ultra lightweight and compact, they fit in a pocket or small purse easily.

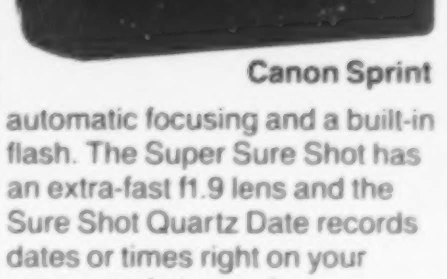


Canon Sure Shot

The MC features automatic focusing and the economical MC-10 has a fixed focus lens. Both are supplied with the detachable MC-S Snap-On Flash.

Canon's three Sure Shot models are the world's most popular 35mm lens-shutter cameras. All of them feature

NEW

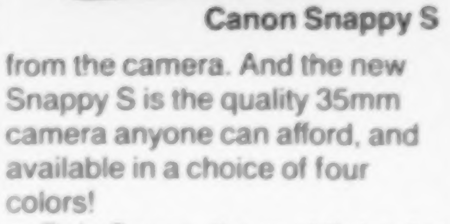


Canon Sprint

automatic focusing and a built-in flash. The Super Sure Shot has an extra-fast f1.9 lens and the Sure Shot Quartz Date records dates or times right on your customers' pictures!

The new Canon Sprint brings great pictures a step closer. In fact, its autofocus lens permits close-ups as near as 18 inches

NEW



Canon Snappy S

from the camera. And the new Snappy S is the quality 35mm camera anyone can afford, and available in a choice of four colors!

Only Canon, the world's leader in 35mm photography, can offer so many choices. Once your customers try a Canon camera they'll never settle for less.

Canon
SAMMY DAVIS JR.
GREATER HARTFORD OPEN

Come see the Canon
Sammy Davis, Jr
Greater Hartford Open
July 25–28, or watch
it on CBS Television

Canon®

Canon USA, Inc., One Canon Plaza, Lake Success, NY 11042 / 140 Industrial Dr., Elmhurst, IL 60126 / 6380 Peachtree Industrial Blvd., Norcross, GA 30071
2035 Royal Lane, Suite 290, Dallas, TX 75229 / 123 Paularino Ave. East, Costa Mesa, CA 92626 / 4000 Burton Dr., Santa Clara, CA 95050 / Bldg. B-2, 1050 Ala Moana Blvd., Honolulu, HI 96814 / Canon Canada, Inc., Ontario

© 1985 Canon U.S.A., Inc.

CENSUS '85/'86

Large Sizes Mark Discounter Unit Gains

Gross Square Footage	Projected Dec. 31, 1985		As of Dec. 31, 1984		% Change in No. of Stores Projected 1985 vs. 1984
	No. of Stores	% of Total	No. of Stores	% of Total	
10,000 to 19,999	619	6.8	622	7.7	−4.8
20,000 to 29,999	531	6.5	535	6.6	−7.5
30,000 to 39,999	634	7.8	631	7.8	+0.5
40,000 to 49,999	1,044	12.8	1,035	12.8	+0.9
50,000 to 59,999	761	9.3	748	9.2	+1.7
60,000 to 69,999	884	10.8	881	10.9	+0.3
70,000 to 79,000	614	7.5	613	7.6	+0.2
80,000 to 89,999	880	10.8	873	10.8	+0.8
90,000 to 99,999	340	4.2	314	3.9	+8.3
100,000 to 119,999	1,347	16.5	1,342	16.5	+0.4
120,000 to 139,999	185	2.3	185	2.3	NC
140,000 to 149,000	53	0.6	57	0.7	−7.0
150,000 to 199,999	189	2.3	191	2.4	−1.0
200,000 and larger	80	1.0	82	1.0	−2.4
TOTAL	8,161	100.0	8,109	100.0	+0.6

NC = No change.

Source: *DSN* Research

Nationwide DSN Report

Discounting's growth is squarely centered on chains opening big stores.

Larger locations, from 90,000 to 100,000 sq. ft., will account for the lion's share of a 52-unit net gain in discount department stores this year. The increase will bring the industry total to 8,161 stores in operation, not even a 1% gain from last year's 8,109.

Leading chains like K mart, Bradlees, Target and Caldor will all be opening most of their new stores in major metro, urban markets, which require the larger units. In addition, any recycling of older units would also be of the larger variety.

The continued move to the larger stores will help the 90,000-100,000-sq.-ft. classification become the leading segment in terms of unit growth this year.

The segment will be up over 8%, a 26-unit increase. Several other units will be opened in the 100,000-120,000-sq.-ft. segment, buttressing this classification's industry-leading store size share, now accounting for 16.5% with over 1,300 units.

In stark contrast, both extremes of the store size spectrum are continuing to shrink. Smaller stores, ranging in size from 10.000 sq. ft. to 30,000 sq. ft., are experiencing the most severe dropoff, losing a total of seven units. This follows the trend of the past few years of many mass retailers pulling out of smaller, less profitable locations. Last year, this segment lost a total of 36 stores, with a 20 store dropoff in the 20,000-30,000-sq.-ft. classification alone.

Size Varies

Smaller units have indeed fallen by the wayside in favor of stores over 60,000 sq. ft. Large-unit retailers continue to focus on larger stores in more urban locales.

In fact, over 56% of the industry's stores are now over 60,000 sq. ft.

But most mass retailers are not looking at the super-size stores, either. Stores ranging from 120,000 sq. ft. to 200,000 sq. ft. and larger saw virtually no growth and in most segments, showed a slight downtrend.

Stores ranging in size from 140,000 sq. ft. to 149,000 sq. ft. are showing the greatest decline, losing four units, to 189. Stores 120,000 sq. ft. to 139,000 sq. ft. are holding at 185.

Other than the 90,000-100,000-sq.-ft. classification, most remaining store size segments will remain relatively stable. In fact, many mass retailers agree the industry has become corpulently overstored, with vacant units in virtually every major market in the country.

In addition, many chains feel it's easier and much more cost-efficient to acquire an operating concern—i.e., Zayre acquiring Gaylords and the recent purchase of Jefferson Ward's northern stores by Bradlees—than to begin ground-up construction.

Most of the store size segments reflect this frugal posture. Stores ranging from 80,000 sq. ft. to 90,000 sq. ft. will show a seven-unit increase.

Midsize units, ranging from 50,000 sq. ft. to 60,000 sq. ft. will also show a modest gain, increasing from 748 in 1984 to 761 this year, almost a 2% rise.

INDEX
Spell·Right I™
The best way to outsell the competition is to outspell it.

You're in for a hot spell.

Introducing Smith Corona's revolutionary SE 200. The first portable with the optional Spell-Right I™ electronic dictionary that checks your spelling against 35,000 of the most commonly used words.

Two beeps tell you when you've misspelled a word. The Find key finds it. And a touch of the WordEraser™ key lifts off the wrong word while you're typing in the right one.

It's fast, it's easy. It's a complete correction system with loads of features that let your customers type word-perfect pages, every time.

The SE 200 is also computer friendly: hook it up with your optional module and you've got a letter-quality printer.

But the most amazing feature is its affordable price. And that spells big profits for you.

Better stock up on the SE 200. Because the first portable that helps your customers spell right will help you sell right, too.

The Smith Corona SE 200. Made in the USA.

SMITH CORONA™
WE'RE WRITING THE FUTURE.

For more information on this product, write to Smith Corona, 65 Locust Avenue, New Canaan, CT 06840. Smith Corona is an operating group of SCM Corporation.

CENSUS '85/'86

Discount Industry by Metro Market

Top Metro Markets	Proj. 1985 No. Stores All Discounters	Proj. 1985 No. Disc. Department Stores Only	Proj. 1985 Sq. Footage All Discounters (add 000)	Proj. 1985 Sq. Footage Disc. Dept. Stores Only (Add 000)	Proj. 1985 Total Sales All Discounters (millions)	Proj. 1985 Discount Dept. Store Sales Only (millions)	Population*	Density (Sq. Ft. Per Person) All Discounters	No. of Households*	Median Effective Buying Income Per Household*
New York	310	71	9,018	5,285	$1,352	$ 707	8,391,100	1.08	3,312,100	$24,354
Los Angeles	331	103	11,053	7,667	1,619	1,025	7,908,900	1.40	2,884,200	27,897
Chicago	394	147	15,026	10,943	2,147	1,463	6,056,900	2.50	2,203,600	30,695
Philadelphia	292	111	11,242	8,263	1,602	1,105	4,770,000	2.36	1,733,800	28,146
Detroit	271	71	8,214	5,285	1,222	707	4,359,400	1.88	1,576,700	29,170
Boston	345	109	11,638	8,114	1,685	1,085	3,678,400	3.16	1,357,500	31,626
District of Columbia	276	51	7,478	3,796	1,119	508	3,425,900	2.18	1,261,600	36,002
Houston	285	80	9,359	5,955	1,391	796	3,176,800	2.95	1,141,600	31,012
Nassau-Suffolk, N.Y.	242	44	6,636	3,275	1,000	438	2,686,300	2.47	862,300	41,279
St. Louis	223	72	7,410	5,360	1,087	716	2,398,900	3.09	866,400	28,404
Atlanta	255	55	7,015	4,094	1,060	547	2,392,800	2.93	870,000	28,610
Baltimore	231	48	6,037	3,573	931	478	2,265,400	2.66	815,400	26,967
Dallas	248	48	6,402	3,573	979	478	2,238,400	2.86	825,800	29,821
Minneapolis-St. Paul	221	43	5,550	3,201	854	428	2,218,000	2.50	827,700	32,698
Pittsburgh	204	76	7,533	5,657	1,084	756	2,175,000	3.46	839,400	25,779
Anaheim-Santa Ana	135	47	4,685	3,499	683	468	2,103,600	2.23	749,300	35,901
San Diego	137	35	4,006	2,605	603	348	2,085,300	1.92	766,500	27,128
Oakland	125	39	4,447	2,903	728	388	1,875,800	2.37	726,300	32,005
Newark	175	30	4,403	2,233	677	299	1,868,400	2.36	668,900	33,741
Cleveland	217	148	6,462	4,466	966	597	1,859,100	3.48	707,000	26,917
Tampa-St. Petersburg-Clearwater	178	46	5,414	3,424	807	458	1,837,400	2.95	763,200	21,561
Riverside-San Bernardino	117	43	4,183	3,201	607	428	1,825,400	2.29	651,700	25,442
Miami-Hialeah	197	32	4,726	2,382	728	318	1,755,900	2.69	651,000	23,179
Phoenix	173	35	4,562	2,605	696	348	1,736,000	2.63	669,100	25,153
Seattle	231	56	6,504	4,169	985	557	1,699,900	3.83	676,300	30,639
Denver	205	34	4,871	2,531	758	338	1,608,600	3.03	638,300	29,984
San Francisco	100	22	2,860	1,638	434	219	1,526,300	1.87	638,100	31,439
Kansas City, Mo.	129	38	4,191	2,829	613	378	1,473,100	2.85	552,000	29,826
Cincinnati	139	49	4,900	3,648	719	488	1,403,500	3.49	519,000	26,864
Milwaukee	157	33	4,152	2,457	638	328	1,390,900	2.99	523,100	29,020
San Jose	112	37	4,002	2,754	576	368	1,377,500	2.91	501,900	37,776
New Orleans	173	31	4,262	2,308	661	309	1,337,900	3.19	487,500	24,041
Columbus, Ohio	134	41	4,413	3,052	662	408	1,281,200	3.44	483,900	25,405
Bergen-Passaic	180	16	3,442	1,191	559	159	1,281,100	2.69	470,100	36,140
Norfolk	147	33	4,028	2,457	609	328	1,260,900	3.19	420,800	25,496
Sacramento	91	33	3,385	2,457	486	328	1,242,400	2.72	486,100	25,768
Indianapolis	158	46	4,912	3,424	730	458	1,198,700	4.10	436,400	27,154
San Antonio	136	38	4,257	2,829	629	378	1,190,700	3.58	394,900	24,521
Fort Lauderdale-Hollywood	140	31	3,815	2,308	572	309	1,142,000	3.34	478,300	25,411
Fort Worth-Arlington	135	36	4,107	2,680	609	358	1,141,000	3.60	413,400	29,720
Portland, Ore.	186	50	5,410	3,722	814	498	1,140,600	4.74	445,000	26,264
Hartford	178	54	5,569	4,020	833	537	1,060,700	5.25	387,800	33,599
Salt Lake City-Ogden	113	29	3,245	2,159	485	289	1,032,700	3.14	334,300	25,768
Charlotte-Gastonia-Rockhill	143	20	3,253	1,489	514	199	1,031,600	3.15	376,600	25,356
Rochester, N.Y.	99	25	3,194	1,861	467	249	998,200	3.20	362,800	30,404
Buffalo	112	37	4,714	2,754	593	368	990,200	4.76	364,600	26,389
Oklahoma City	115	48	4,556	3,573	653	478	971,800	4.69	369,700	26,329
Louisville	128	31	3,632	2,308	546	309	968,500	3.75	353,200	25,648
Monmouth-Ocean	97	32	3,231	2,382	481	318	932,200	3.47	347,200	32,393
Memphis	127	26	3,358	1,935	508	259	927,200	3.62	325,800	22,897

**From 1985* Sales & Marketing Management Survey of Buying Power.

Source: DSN *Research*

CENSUS '85/'86

Discount Industry Breakdown by State

States	Proj. 1985 No. Stores All Discounters	Proj. 1985 No. Discount Department Stores Only	Proj. 1985 Sq. Footage All Discounters (add 000)	Proj. 1985 Sq. Footage Discount Department Stores Only (add 000)	Density (Square Foot Per Person) All Discounters	Proj. 1985 Total Sales All Discounters* (millions)	Proj. 1985 Discount Department Store Sales Only* (millions)	Total Retail Sales** (add 000)	Total Discount Sales As % of Total Retail Sales
Alabama	370	187	16,451	13,920	4.07	$2,291	$1,861	$ 16,958,447	13.5
Alaska	37	5	700	372	1.34	123	50	4,173.888	2.9
Arizona	371	95	10,588	7,072	3.40	1,543	945	17,052,047	9.0
Arkansas	375	214	17,956	15,930	7.55	2,477	2,129	10,484,427	23.6
California	1,438	471	50,611	35,061	1.96	7,162	4,687	153,627,397	4.7
Colorado	384	107	11,283	7,965	3.49	1,674	1,065	20,340,451	8.2
Connecticut	519	166	16,887	12,357	5.36	2,427	1,652	19,765,151	12.3
Delaware	221	33	4,719	2,457	7.67	727	328	3,881,576	18.7
D.C.	133	3	1,658	223	2.68	762	30	3,023,586	25.2
Florida	874	288	30,570	21,439	2.73	4,309	2,866	69,550,635	6.2
Georgia	531	187	19,071	13,920	3.24	2,690	1,861	30,396,730	8.8
Hawaii	57	16	1,661	1,191	1.58	244	159	6,363,480	3.8
Idaho	174	25	3,486	1,861	3.43	545	249	4,502,743	12.1
Illinois	807	336	31,838	25,012	2.76	4,483	3,343	58,872,067	7.6
Indiana	636	278	25,606	20,694	4.61	3,585	2,766	30,095,111	11.9
Iowa	224	138	11,712	10,273	3.98	1,593	1,373	14,637,875	10.9
Kansas	231	143	12,093	10,655	4.94	1,657	1,423	13,300,693	12.5
Kentucky	441	179	16,662	13,324	4.42	2,350	1,781	17,318,340	13.6
Louisiana	529	177	18,146	13,176	4.03	2,579	1,761	22,920,257	11.3
Maine	235	48	5,880	3,573	5.04	873	478	6,508,830	13.4
Maryland	483	130	14,512	9,677	3.31	2,109	1,294	27,093,063	7.8
Massachusetts	916	264	27,960	19,652	4.81	4,050	2,627	38,556,664	10.5
Michigan	626	270	25,143	20,099	2.74	3,517	2,687	46,783,106	7.5
Minnesota	457	138	14,181	10,273	3.39	2,049	1,373	25,127,747	8.2
Mississippi	327	130	12,108	9,677	4.61	1,714	1,294	11,093,694	15.5
Missouri	492	212	19,420	15,781	3.85	2,720	2,109	28,597,639	9.5
Montana	116	21	2,769	1,563	3.33	417	209	4,418,629	9.4
Nebraska	193	93	8,106	6,923	5.01	1,130	925	8,359,958	13.5
Nevada	171	28	3,899	2,084	4.24	585	279	6,655,990	8.8
New Hampshire	217	68	7,001	5,062	7.13	1,005	677	6,858,011	14.7
New Jersey	822	205	23,636	15,260	3.13	3,443	2,040	44,013,608	7.8
New Mexico	250	81	8,244	6,030	5.68	1,180	806	7,541,846	15.6
New York	1,280	423	44,500	31,488	2.48	6,310	4,209	89,498,386	7.1
North Carolina	517	209	20,360	15,558	3.28	2,841	2,080	32,016,659	8.9
North Dakota	179	36	4,259	2,680	6.15	644	358	4,008,505	16.1
Ohio	1,070	503	44,940	37,443	4.16	6,265	5,005	54,967,153	11.4
Oklahoma	395	143	13,800	10,645	4.12	1,964	1,423	18,626,068	10.5
Oregon	327	108	10,589	8,040	3.93	1,526	1,075	14,267,550	10.7
Pennsylvania	900	438	40,362	32,605	3.37	5,555	4,358	60,483,693	9.2
Rhode Island	250	39	5,365	2,903	5.57	820	388	5,124,419	16.0
South Carolina	359	127	12,592	9,454	3.75	1,788	1,264	15,484,516	11.5
South Dakota	180	41	4,585	3,052	6.42	681	408	3,572,251	19.1
Tennessee	494	205	19,314	15,260	4.06	2,696	2,040	24,575,587	11.0
Texas	1,295	534	47,207	39,751	2.92	7,205	5,313	94,797,004	7.6
Utah	141	48	4,753	3,573	2.83	679	478	7,420,731	9.2
Vermont	230	29	4,374	2,159	8.20	766	289	3,291,037	23.3
Virginia	568	206	20,334	15,335	3.57	2,862	2,048	30,045,655	9.5
Washington	439	105	11,901	7,816	2.71	1,745	1,045	23,727,079	7.4
West Virginia	270	63	7,213	4,690	3.66	1,066	627	8,652,497	12.3
Wisconsin	452	133	13,505	9,901	2.82	1,967	1,323	23,547,406	8.4
Wyoming	130	35	3,721	2,605	7.22	544	348	3,429,833	15.9

*DSN *estimate based on average per-store sales projected for the calendar year.*

***Total retail sales taken from the 1985* Sales & Marketing Management Survey of Buying Power.

Sales and Size of the Top 25 Specialty Chains

Rank	Chain	Sales (millions) Fiscal 1984	Sales (millions) Fiscal 1983	No. Units 1/85	No. Units 1/86	Net Sales Space Sq. Ft. (add 000) 1/85	Net Sales Space Sq. Ft. (add 000) 1/86
1	**Toys "R" Us (N.J.)**	$1,701	$1,320	198	233	4,950	5,825
2	**Marshalls (Mass.)**	1,190	1,061	209	224	6,270	6,720
3	**Western Auto (Mo.)**	698[A]	560[A]	2,590	N.A.	1,512	N.A.
4	**T. J. Maxx (Mass.)**	649*	475*	156	191	3,120	3,820
5	**Circuit City (Va.)**	519	357	93	90	800	774
6	**Child World (Mass.)**	435	360	104	121	2,600	3,025
7	**Herman's (N.J.)**	368	317	115	130	1,173	1,326
8	**Highland (Mich.)**	359	270	33	42	667	848
9	**Pep Boys (Pa.)**	348	306	140	160	2,800	3,200
10	**Kay Bee (Mass.)**	347	281	533	593	1,865	2,075
11	**Burlington Coat (N.J.)**	339	220	68	80	3,808	4,480
12	**Silo (Pa.)**	330*	275*	97	111	1,940	2,220
13	**Loehmann's (N.Y.)**	305*	285*	72	85	1,080	1,275
14	**Oshman's (Tex)**	304	283	192	212	1,920	2,120
15	**OTASCO (Okla.)**	300*[A]	300*[A]	550	550	6,325	6,325
16	**Hit or Miss (Mass.)**	278*	236*	401	448	1,404	1,569
17	**Lucky Automotive Div. (Ariz.)**	275*	250*	459	376	1,836	1,504
18	**The Federated Group (Calif.)**	230	138	42	50	970	1,155
19	**Lionel Leisure (Pa.)**	225[B]	198	53	60	1,300	1,500
20	**Ross Stores (Calif.)**	210	80	66	100	1,980	3,000
21	**Syms (N.Y.)**	204	179	14	16	561	641
22	**Pacific Stereo (Calif.)**	200*	170*	85	89	391	409
23	**Filene's Basement (Mass.)**	189	151	15	17	470	520
24	**White Stores (Tex.)**	179[A]*	161[A]*	344	323	N.A.	N.A.
25	**Chief Auto (Tex.)**	169*	148*	296	337	1,095	1,247

**DSN estimate. N.A. = Not available. [A] Includes sales from company-owned stores and wholesale sales to franchisees. [B] Operating under Chapter 11.*

Source: DSN research

Hot Specialty Chains Set More Expansion

Nationwide DSN Report

Specialty retailers will continue their boom—climbing over the $26 billion sales level this year.

The reigning giants of four merchandise segments—Toys "R" Us, Marshalls, Circuit City and Herman's—all experienced strong growth last year and are expected to expand their respective domains in 1985.

The largest specialty segment, off-price apparel, is projected to reach $9.3 billion in sales this year but its 8% sales gain, from $8.6 billion last year, is indicative of problems on the horizon.

Smaller chains and independents are being squeezed out of the apparel picture due to two different factors: On the one hand, conventional and discount department stores have sharpened their prices and become more competitive. On the other hand, off-pricers that have a firm fix on their market niche and the financial strength to support their merchandising have left little room for poorly run and under-financed chains to operate.

The result is that the bigger and better managed chains are continuing to grow and expand.

The two largest apparel specialty chains, Marshalls and Zayre Corp.'s T. J. Maxx, Nos.2 and 4 on the chart, will open a total of 60 stores this year.

Zayre's financing will enable its other off-pricer, Hit or Miss, No. 16, to unveil 47 stores, while Ross Stores, No. 20, will grow by 34 units.

Despite the problems looming for off-pricers, the gigantic volume of the apparel-specialty field and the wide range of goods that such a retailer can merchandise—from a full line of family clothes to a pinpoint niche like just athletic footwear—provide for lots of markets for a company.

However, this isn't the case in the other specialty merchandising areas. Companies that have managed to carve out a large chunk of business for themselves are those that are most likely to continue to succeed.

In fact, in the nonapparel specialty business, the trend is mostly that of the big getting bigger.

In the $5 billion consumer electronics specialty chain field, the leader, Circuit City, No. 5 on the chart, is focusing all its efforts on broadly merchandised stores and will open about 20 such units, while completing the phasing out of 31 leased sections in Zodys discount stores.

More Stores

Projected unit growth of the other top players in the CE field include Highland, going up nine stores; Silo, due for a 14-unit gain; The Federated Group, opening eight, and Pacific Stereo, four more.

The $1.6 billion sales generated by these four companies account for over 30% of the CE specialty field's volume.

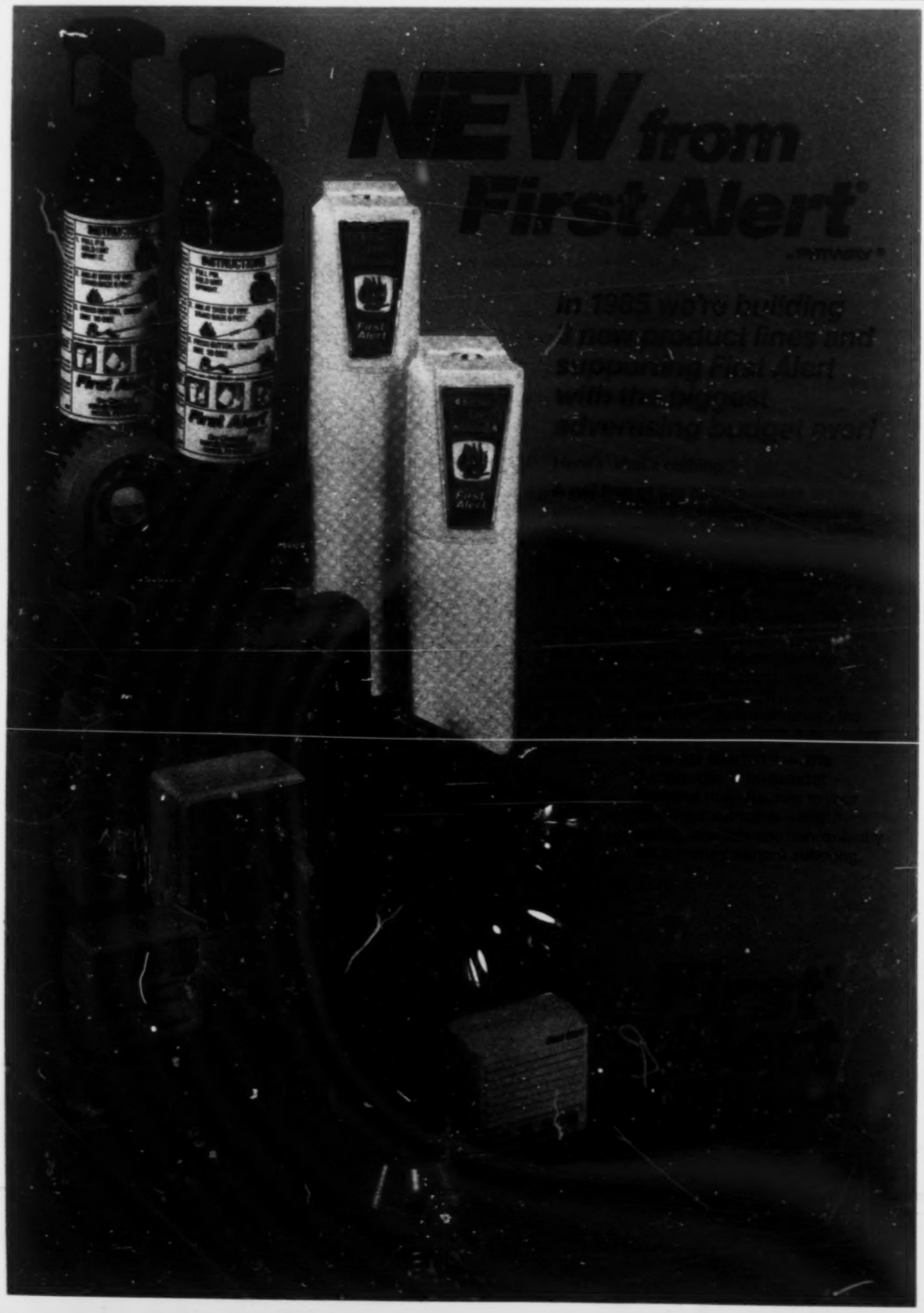
In the $3.7 billion auto specialty area, most of the leading chains are limiting their unit growth to focus on priming sales. Pep Boys, No. 9 on the chart, is due to add 20, while Chief Auto, No. 25, will open 41.

The six chains that made the chart will ring up more than half of the sales of this specialty segment.

Toys "R" Us, the No. 1 specialty retailer, dominates the $2.9 billion toy specialty segment by accounting for almost 60% of that field's volume. When the other three leading chains are included, these four retailers will do almost 95% of the toy specialty area's sale.

At the same time, these retailers will be opening almost all the new units in this business. TRU will add 355, Child World 17, Kay Bee, 60 and Lionel Leisure 7, despite its financial problems.

At $1.3 billion, sporting goods is the smallest specialty retailing segment in volume. But it may be the most exciting this year—the leading chain, Herman's, No. 7 on the chart, has spun off a new operation called Total Sports and plans to have 30 to 50 such units in the Sunbelt within the next five years.


NEW from First Alert
PITTWAY
In 1985 we're building 3 new product lines and supporting First Alert with the biggest advertising budget ever!
First Alert

CENSUS '85/'86

Service Mdse. Poised to Pass Best as No.1 Cataloger

Nationwide DSN Report

Service Merchandise will have bettered Best's volume and claimed the No. 1 spot among catalog showroom chains by the end of this fiscal year, *DSN* projects.

Service's May '85 acquisition of H. J. Wilson showrooms (No. 3 on *DSN*'s chart) along with the purchase of the smaller Ellman's chain should boost its volume by at least $480 million, *DSN* estimates.

In addition to the 88 acquired units, Service Merchandise is opening at least 17 new catalog showrooms this year compared to Best's planned 10 bows.

Most importantly, the catalog showroom business continues to be dominated by the two top catalogers. Their combined volume of $4.5 billion for the last fiscal year (including H. J. Wilson's and Ellman's sales) was about 56% of the total $7.9 billion *DSN* estimates the cataloger industry generated that year. The percentage of the business done by Service and Best is on the rise because only a few of the top chains are actually chalking up growth. Overall, the industry volume is flat with that $7.9 billion total achieved in the most recent fiscal year expected to remain the same in the current year.

By the end of this year Service and Best should account for 60% or more of total industry volume.

Supporting that projection is the continued fallout of smaller chains such as Masters and limited or no growth at other chains. In 1984, for example, volume dropped at two of the top 10 chains, Ardan and Gordon Jewelry. McDade's volume was unchanged compared to the year before and sales growth at L. Luria was slim.

New-Store Plans

Based on projected store openings, the most growth will be chalked up by Service, which is projected 25 openings in 1986. Best has 10 planned openings for next year and Consumers Distributing will also add 10 in 1986.

Both Best and Service are involved in businesses outside the cataloger realm which add to their listed volumes. Best has Ashby's, an apparel chain, and Best Jewelry. Service has the MR. HOW Warehouse home center chain, Computer Shoppe and Zimms jewelry stores.

Catalog Showroom Chains

Chain (Hq. and Coordinator)	Sales (millions) Last Completed Fiscal Year	Sales (millions) Previous Completed Fiscal Year	Income (millions) Last Completed Fiscal Year	Income (millions) Previous Completed Fiscal Year	Number of Showrooms As of Jan. 85	Number of Showrooms As of Dec. 85	Number of Showrooms To Be Added in '86
Best Products (Va.) (Independent)	$2,252.7	$2,081.3	$13.6	$33.0	244	254	10
Service Merchandise (Tenn.) (Independent)	1,607.0	1,458.1	44.6	44.9	183	200	25
H. J. Wilson (La.) (Independent)	521.0[A]	514.4	(3.3)	8.8	79	—	—
Consumers Distributing (U.S.) (N.J.) (Independent)	450.6[B]	369.7	(4.6)	(0.8)	160	170	10
Ardan (Iowa) (Creative)	250.0*	279.0	N.A	N.A.	51	48	0
L. Luria & Son (Fla.) (Independent)	149.0[C]	145.2	N.A.	6.8	35	38	3
W. Bell (Md.) (Independent)	146.1[C]	138.0	N.A.	2.6	18	21	3
Gordon Jewelry (Tex.) (Independent)	138.8[D]	141.7	10.7**	14.9**	57	62	5
Jewelcor (Pa.) (Jewelcor)	128.0	121.2	6.5**	7.5**	22	23	1
McDade (Ill.) (MAI)	105.0*	105.0	N.A.	N.A.	7	7	0

*[A]Acquired by Service Merchandise 5/85. [B]In Canadian dollars. [C]Fiscal year ended at presstime; earnings figures not available. [D]Fiscal year ended 8/84. *DSN Estimate. **Operating income.*

Off-pricers Seen Racking Up $9.3B For an 8% Gain

Nationwide DSN Report

Off-price apparel chains are expected to rack up $9.3 billion in volume this year.

DSN estimates the industry will see a sales gain of 8% over the $8.6 billion reported for 1984. But, tough going in the off-price arena will no doubt see more small players drop by the wayside as the larger chains continue to grow.

Marshall's remains the volume leader among off-pricers and Zayre's T. J. Maxx held on to the No. 2 spot last year. The combined effects of Pic-A-Dilly and Off the Rax dropping out and big expansions at other chains altered the rest of the top 10 line-up.

Burlington Coat moved into the No. 3 spot after opening 17 stores last year and pushing sales up over 40% to $339 million. This year that chain will open 12 stores and projected its sales for '85 will increase another 21% to $410 million.

Expansion is clearly the key to the chain's plan with another 20 new stores set for 1986.

Ross Stores also moved up on *DSN*'s volume ranking, propelled by a 163% increase in volume and more than doubling its number of stores in just one year. That chain's '85 expansion includes a deal with Jack Eckerd which lands the chain on the East Coast for the first time with six Florida stores, a push last April into Colorado Springs and Denver and a move into Portland, Ore., this fall.

Both K mart's Designer Depot and the ClothesTime chain are on the top 10 chart for the first time this year, thanks to aggressive expansions.

Off-price Apparel Chains

Chain (Hq. State)	Sales Fiscal 1984 (in millions)	Number of Units 1/84	Number of Units 1/85	Number of Units 1/86
Marshalls	$1,189.5	174	209	224
T. J. Maxx	649.1*	118	156	191
Burlington Coat	339	51	68	80
Loehmann's	305*	67	72	85
Hit or Miss	278.2*	375	401	N.A.
Ross Stores	210	26	66	100
Sym's	204.3	11	14	16
Filene's Basement	188.8	14	15	17
Designer Depot*	128	30	52	72
Clothes Time	98	126	165	185

**DSN estimate.*

Source: DSN research

Membership Warehouse Clubs Still Grow Explosively

Nationwide DSN Report

The membership warehouse club industry is headed for another year of explosive growth, keyed by impressive expansion by major players who entered the field for the first time last year.

Though many chains are looking for solid gains, nobody has yet risen to threaten the leadership position of The Price Club, which in its most recent fiscal year, achieved sales of $1.2 billion—more than five times the volume of its nearest competitor, Wal-Mart's Sam's Wholesale Club.

Price plans to add six more outlets to its base of 19 units by the beginning of next year.

Sam's is undergoing an even more rapid expansion, and plans to more than double its number of units by the end of this year to 23. The company vaulted from $34 million in sales in its previous fiscal year to $220 million in its most recent year. Some have them achieving as much as $700 million for the current year.

In all, the top 10 warehouse clubs are planning to add 47 units by the end of this year to the 79 they operated at the beginning of the year. Aside from the 12-outlet expansion slated for Sam's, those adding the largest number of locations include Costco, which is slated to jump from 12 to 21; Pace, which will add nine to the six it already operated, and The Warehouse Club, which will double the five locations it had at the end of the last calendar year.

All that expansion will mean an increase in the amount of head-to-head competition in individual markets. Both Price and Pace are making major eastward expansions that will pit them both against each other. and against existing competitors.

Price is planning to open this year in Metropolitan New York, and will put its first units into Philadelphia and Baltimore. Pace is slated to open three Baltimore units this year. Makro, which doesn't open its doors to retail customers, already operates in the market.

Pace also plans to enter the Omaha, Colorado Springs, Greensboro, N.C., and Washington (state) markets this year, and to increase its penetration in Atlanta, Denver and, in January, Tampa/St. Petersburg.

Membership Warehouse Clubs

Chain	Volume in Millions Sales Last Fiscal Year	Volume in Millions Sales Previous Fiscal Year	No. of Stores 1/85	No. of Stores 1/86	Footage (Sq. Ft.) (Add 000) 1/85	Footage (Sq. Ft.) (Add 000) 1/86
Price Club (Calif.)	$1,164[A]	$643	19	25	1,900	2,500
Sam's Wholesale (Ark.)	220	34	11	23	1,034	2,162
Makro (Ohio)	170	162	4	4	700	700
Warehouse Club (Ill.)	150[B]	15	5	10	450	900
Value Club (Tex.)	125	120	5	6	450	540
Costco (Wash.)	102[B]	0	12	21	1,140	1,995
Price Savers (Utah)	80	0	4	4	360	360
Pace (Colo.)	77	16	6	15	570	1,425
The Wholesale Club (Ind.)	46	11	3	5	285	475
BJ's Wholesale (Mass.)	40	0	3	6	285	570

[A]Fiscal year ended 8/84. [B]Fiscal year ended 9/84.

Source: DSN research

Top 10 Auto Chains Due Back on Expansion Trail

Nationwide DSN Report

The top 10 automotive specialty chains reached combined sales of $2,454,000,000 for the most recently completed fiscal year.

These chains were also operating a total of 314 fewer stores than they did the prior year. By January 1985 the top 10 were operating a total of 4,470 stores, compared to 4,784 stores in January 1984.

However, the chains project they will be operating at least 120 additional units by the end of the calendar year.

Western Auto, based in Kansas City, Mo., continued to lead the pack with sales increasing to $698 million for the last completed fiscal year. This represents almost a 25% jump in sales over the previous fiscal year, when sales came to $560 million.

Pep Boys, headquartered in Philadelphia, Pa., retained its second place position as a leading automotive chain, with sales of $348 million, a 15% increase over its previous fiscal year sales of $306 million.

The chain, which operated 135 units at the beginning of the year has plans to launch about 25 more by the end of the year, and between 25 and 32 additional units in 1986. This year's expansion will see Pep Boys entering New Mexico and Texas, new markets for the chain.

Several automotive chains turned to acquisitions last year and into 1985 to increase sales and market reach.

Dallas-based Chief Auto Parts, a division of Southland Corp. purchased 31 Honey and 46 Checkers auto part stores from Lucky Automotive and 13 units from Houston-based 2,002 Auto Parts early this year, bringing their current store total to 441. The chain is expected to pursue further acquisitions this year.

Grand Auto, based in Oakland, Calif., brought its January 1985 store count of 86 up to its current level of 112 with the March acquisition of Automotive Wholesalers Inc., which operated stores in Washington and Alaska. Future store openings will be confined to the four states in which it now operates, which also includes California and Nevada.

Automotive Chains

Chain (Hq. State)	Volume (Millions) Last Completed Fiscal Year	Number of Stores 1/84	1/85	1/86
Western Auto	$698[A]	2,556	2,269	N/A
Pep Boys (Pa.)	348	124	135	160
OTASCO (Okla.)	300*[A]	669	550	550
Lucky Automotive Div. (Ariz.)	275*[B]	439	459	431
White Stores (Tex.)	179	344	323	303
Chief Auto Parts (Tex.)	169*	296	337	N/A
Grand Auto (Calif.)	154	86	86	115
Nationwise (Ohio)	150*	135	140	165
Whitlock (N.Y.)	100*[C]	74	61	80
Perry Auto Works (Mich.)	81[D]	61	110	180

*[A]Includes sales from company-owned and franchised units. [B]Includes sales from Kragen, Checkers, Honey and Statewide. Lucky sold its 31 Honey stores on Feb. 4, 1985, and recently merged Statewide operations into Checkers. [C]Includes sales from Whitlock, National Auto, Strum Auto and Giant Auto. [D]Includes sales from acquisition of Jack Lampert Singer Super Auto Parts and Peppy's Discount Auto Parts. Also includes auto part sales in 146 Perry Drug Stores. *DSN estimate.*

Source: DSN research

Toy Chains' Market Share Seen Leaping to $2.9B

Nationwide DSN Report

Toy specialty chains should take an impressive leap forward in market share this year.

The top 10 specialty chains accounted for a combined total of $2,930,000,000 of the business.

Sales Estimated

Leading the pack by a wide margin is Toys "R" Us (TRU), which accounts for almost 60% of total sales for the top 10 chains.

The 200-store chain has increased its sales by $381 million or 28.9% in the most recent fiscal year, to reach sales of $1,700,000,000.

In 1985, the chain, which currently accounts for almost 14% of all United States toys sales, is expected to surpass the $2 billion sales mark.

To accomplish this, it will move forward with its methodical expansion plan, which sees it venturing into new domestic markets, including the Buffalo-Rochester area, increasing its presence in Canada and debuting overseas in England.

(Also, its Kids "R" Us, off-price children's clothing chain, is scheduled to open 15 to 20 new stores this year, adding to its current 11-unit count, and is expected to show a profit this year for the first time.)

The mammoth chain's chief competitor, Child World, which recently went private, is advancing at a more modest pace, but nonetheless is expected to exceed the half million dollar mark in sales some time soon.

The 104-unit $435 million chain is expected to open 16 new stores this year, as compared to an opening of 14 stores the previous year, when sales came to $360 million.

Lionel Leisure, although still struggling through Chapter 11, had a strong year with sales reaching $225 million, a 13.6% improvement over sales the year before of $198 million. This year the chain expects to open six new stores, its first expansion plan in three years.

Adding It Up

Kay Bee, the leading mall toy specialty chain, with 535 units nationwide and sales for the last fiscal year of $435 million, continues to compete with its closest mall competitor Circus World, which finished 1984 with sales of $83 million on 190 units.

Kay Bee, though, plans to forge ahead with the addition of 50 more stores.

Toy Chains

Chain (Hq. State)	Fiscal 1984 Sales (in millions)	Number of Units 1/84	1/85	1/86
Toys "R" Us (N.J.)	$1,700	169	198	233
Child World (Mass.)	435	90	104	120
Lionel Leisure (Pa.)	225	53	54	60
Kay Bee (Mass.)	347	456	516	566
Circus World (Mich.)	83	180	190	220
Playland (N.Y.)	48*[A]	46	78	99
K & K Toys (Va.)	33	69	87	97
Toy King/Toys and Gift Outlets (Fla.)	30	65	83	N.A.
Karl's Toys (Calif.)	18	20	23	26
Hobby Center (Ohio)	11	27	N.A.	N.A.

*N.A.—Not available. *DSN estimate. [A]Includes sales from Playworld and six leased depts. operated by Greenman Bros.*

Source: DSN research

CE Chains Unwrap Larger Stores and Extend Markets

Nationwide DSN Report

The top specialty consumer electronics discounters, optimistic their industry will continue to post impressive gains, have been rushing into new markets, opening larger and larger stores and are cashing in on the raging video boom.

Their reward—exceptional double-digit sales and earnings gains.

Results such as these have industry observers predicting consumer electronics will be the fastest growing retail merchandise category through the end of the decade.

Yet, there are reasons for retailers to inject some caution.

Current expansion has leading chains bumping heads in a few markets, especially in Texas and California, posing the threat of resource-draining battles for market share.

Further, with chains like Highland Superstores, Crazy Eddie, Luskin's and The Federated Group coming out with initial public offerings, retailers need to continue to expand their operations to retain Wall Street's support.

The top 10 CE discounters reported combined sales of $2,245,000,000 for the most recently completed fiscal year.

The leading volume chain, Circuit City, improved sales by 46% to $519 million and net profit by 67% to $20.2 million for the fiscal year ended Feb. 28, 1985.

The chain predicted revenue for fiscal 1986 will jump to about $750 million, although expansion costs may slow profit gains.

Highland Superstores, in the No. 2 spot, reported in a pro forma statement a 41% sales gain to $359 million and a 79% earnings gain to $14.8 million for the year ended Jan. 31, 1985.

The Federated Group reported a 66% gain in sales to $230 million.

Consumer Electronics Chains

Chain (Hq. State)	Volume (Millions) Last Completed Fiscal Year	Number of Stores 1/84	1/85	1/86
Circuit City (Va.)	$519	98	93	90[A]
Highland (Mich.)	358	25	32	42
Silo (Pa.)	330*	72	97	111
The Federated Group (Calif.)	230	20	43	60
Pacific Stereo (Calif.)	200	82	85	89
Crazy Eddie (N.Y.)	167	12	14	22
Fretter (Mich.)	160	23	29	36
Newmark & Lewis (N.Y.)	112	23	25	27
Luskin's (Md.)	90	23	29	40
CMC Stereo (Mo.)	79	57	57	57

*[A]Declining number of Circuit City locations reflects net effect of closing 39 leased departments in Zodys stores in Los Angeles. *DSN estimate.*

Source: DSN research

Top 10 Sporting Goods Chains Reportedly Pass $1B

Nationwide DSN Report

The nation's leading ten specialty sporting goods chains are estimated to have topped the $1 billion mark with combined total sales of over $1.2 billion for the most recently completed fiscal year.

These gains were made on an increase of 22 stores during calendar year 1984. By January 1985, the ten chains were operating a total of 504 units, compared to 482 units at previous year's end.

By the end of this year, the leading sporting good chains project they will be operating a total of 558 outlets.

Herman's, the nation's largest specialty sporting goods and sports apparel chain, heads the top ten list with sales of $368.4 million for the most recently completed fiscal year, a 17% increase over sales of $317 million for the previous year.

The New Jersey-based chain currently operates 115 units in 14 Northeast, Midwest and middle Atlantic states, up from 102 during the previous year.

Expansion plans call for the launching of 12 new Herman's stores this year, all in existing markets, with one store closing.

Total Sports, the fledgling sporting goods discount division opened by parent company W. R. Grace, is also slated for continued growth.

The chain, which currently operates one store in Cutler Ridge, Fla. and a second in Hollywood, Fla., is expected to expand by 30 to 50 units in the next five years.

Fueling the expansion plans for both Hermans and Total Sports is a recent public stock offering resulting in the sale of 1.3 million shares by Hermans at $16.50 each, and the remaining 3.3 million shares by parent Grace. This left Herman's with 11.5 million shares outstanding with Grace retaining about 59% of the common stock. Part of Herman's share of the proceeds will be funneled into both sporting goods operations.

Following behind Hermans on the top ten list is Texas-based Oshman's, which reported sales of $304 million for the most recent fiscal year. This represents a 7.4% or $21 million gain over previous year sales of $283 million.

The chain finished off the year with 192 units.

Sporting Goods Chains

Chain (Hq. State)	Volume Fiscal 1984 (in millions)	Number of Units 1/84	1/85	12/85
Hermans (N.J.)	$368.4	102	115	126
Oshmans (Tex.)	304.0	186	192	212
Big Five (Calif.)*	165.0	70	70	89
Sportmart (Ill.)*	123.0	8	11	12
Sunset Sports (Utah)*	110.0	36	36	40
Dart Cook (Colo.)*	56.1	17	17	11
Gart Bros. (Colo.)*	49.0	13	13	14
Michigan Sporting Goods (Mich.)*	38.0	16	16	16
Academy (Tex.)*	35.0	17	17	20
Irving Sports (Va.)*	16.0	17	17	18

* DSN *estimate.*

Source: DSN research

Strengthened Diversification Efforts Reshaping K mart

1

TROY, Mich. — There's a new, more diversified K mart coming.

It won't involve any lessening of K mart's core huge discount store business that currently accounts for more than 95% of the company's volume.

Rather, it entails the explosive expansion of the discounter's other retailing chains, so that each—Payless Northwest, Builders Square, Waldenbooks, and the combined cafeteria operations—will become $1 billion businesses within one to five years.

Concurrently, the corporation carried out a major management restructuring to enable executives to get a better handle on the new, diversified K mart.

The parent K mart Corp. now has three separate operating areas: K mart Stores group, headed by Norman G. Milley; specialty retailing under Frederick M. Stevens, and corporate administration directed by Joseph R. Thomas.

This management structure makes clear that despite the growing importance of the diversified retailing chains, K mart's discount stores remain the heart and soul of the company—a fact reinforced by the continued expansion and upgrading of this operation.

K mart discount stores in the United States and Canada accounted for $20.1 billion in sales, with the Meldisco leased shoe sections—which are partly owned by K mart—adding another $932.6 million, so that total K mart discount store volume was just over $21 billion last year, up 11.5% from $18.9 billion.

This year, 23 discount stores will be opened, joining the 2,117 in operation in North America at the start of the year. At the same time, the reformatting of older stores will continue as such updated sections as Home Electronic Centers, Kitchen Korners, Domestic Centers, Home Care Centers and upgraded apparel departments are unveiled.

By the end of 1986, all U.S. K marts will feature this "K mart of the 80's" merchandise presentation.

Changes under way at the discount stores involve more than just a new merchandise face. The merchandise itself is being upgraded to include higher margin, more profitable goods. This reflects the change in the demographics of the discounter's shopper, which now includes more higher income households.

Bernard M. Fauber, chairman, noted that a recent Simmons Report showed households with incomes of $40,000 or more now account for almost 19% of K mart's customers, while those with incomes in excess of $20,000 amount to nearly 60%.

These customers' interest in higher margin, often more specialty items like a European coffee mill was one factor in K mart's revamping of it's merchandise tracking and reporting system.

The discounter is now phasing in such advanced systems as laser checkout scanners for UPC marked hard lines and plans to put UPC tags on soft goods so this merchandise can also be tracked at the point-of-sale.

Milley reported 150 K marts will have laser scanners by the end of this year and the equipment will be phased into other units at the rate of about 500 stores a year.

The diversification effort that denotes the new K mart Corp. also is at play within the discount store operation. There, it involves adding nonretailing insurance and financial services, to enable a K mart to offer customers a broad mix of goods and services. By the end of the year 275 K marts will provide insurance and financial services and about 1,000 are expected to do so by the end of the decade.

K mart discount stores are expected to generate about $21.5 billion in sales this year, excluding volume from the leased Meldisco shoe sections.

At this rate, the discount stores will continue to account for the bulk of the parent K mart Corp.'s sales.

Total company sales this year were projected at $24 billion.

Last year, total corporate sales were $21,095,900,000, up 13.4% from $18,597,900,000. Income from all retailing operations amounted to $492,900,000, a 1.2% increase from $487,200,000.

K mart's own growing insurance business added $6.2 million to the earnings last year and $5.1 million in the previous year, so that total income in 1984 was $499.1 million, up 1.4% from $492.3 million.

K mart Insurance Services, so far, is a relatively minor player in K mart's diversification, focusing its effort mainly on providing the insurance services offered in a growing number of discount stores. These centers also handle financial services, with the actual banking aspect provided by banks and other financial institutions.

K mart's various other diversified operations last year accounted for $988.8 million in sales and they are projected at $2.5 billion in volume this year.

Key to this is the newest acquisition, Payless Northwest, which was purchased in March 1985, after it finished its fiscal year.

Bernard Fauber
Chairman, K mart

K mart	Fiscal Year Ended 1/30/85	Fiscal Year Ended 1/25/84
Sales	$21,040,000,000	$18,871,000,000
Earnings	492,900,000	487,200,000
Stores	2,173 (1/85)	2,160 (1/84)

Wal-Mart Sets Its Sights on $8.3B in 1985

2

BENTONVILLE, Ark. — Wal-mart will focus its juggernaut growth this year on its discount stores and warehouse clubs as it sets its sights on reaching the $8.3 billion sales level for the first time.

The company will strengthen its position as the nation's second largest discounter by opening another 115 Wal-Marts to reach the 860-store mark while adding two more states—Wisconsin and Colorado—to its current 20-state Midwest and Southeast market area.

Concurrently, it will stake out a major presence in the burgeoning warehouse club field by adding a dozen more Sam's Wholesale Club units to the network of 11 opened during the past two years in its initial probe of this business.

While discount stores and warehouse clubs will get Wal-Mart's major expansion commitment, the company will maintain its low-keyed diversification explorations by opening another dot deep-discount drug store and one or two more Helen's Arts and Crafts units.

Eschewing growth by diversification, however, still gives Wal-Mart the room to "experiment with specialty stores like dot and Helen's that relate to businesses we're already in," said president David Glass.

The businesses that Wal-Mart's already in last year propelled the company's sales to $6,400,861,000, up 37.2%, while net income jumped 38% to $270,767,000 from $196,244,000.

The discount store arm, which grew by 112 stores, accounted for about $6.180 billion of the company's sales, with about $220 million coming from Sam's Wholesale Clubs.

The rapid expansion of Sam's Wholesale Clubs drove volume up from the approximately $34 million provided by that operation's initial three units in 1983. This fast-maturing business is expected to generate about $700 million in sales this year.

Sales and store growth, as impressive as the figures are, aren't the whole Wal-Mart story. Other elements include:

- A much-publicized "Buy America" program in which Wal-Mart has committed itself to purchasing as much merchandise as possible from domestic manufacturers to help reduce the balance of trade deficit and flow of jobs overseas.

This effort, which reflects the combination of business realism, patriotism and entrepreneurship that has long marked the career of the company's founder and current chairman, Sam Walton, is tied to a concurrent commitment from American producers: they will upgrade their facilities, remain financially conservative, work to fulfill Wal-Mart requirements, and act to improve employee productivity.

- Use of a satellite system to provide faster, more flexible and less expensive simultaneous voice, video and data communications among headquarters, stores and the distribution centers.

The initial use of the satellite and earth sending/receiving stations will involve the company's headquarters, two of its distribution centers and 750 Wal-Mart and Sam's Wholesale Club stores.

- Extension of checkout scanning of UPC-marked merchandise from 91 stores to 296 units, with the long-term goal of having all stores on this system.
- Development of a regional merchandising system that employs a Computer Aided Design (CAD) system to tailor the mix to each store using 128 different factors. These specific traits include climate of the store, ethnic orientation of its customers, recreational preferences and such demographic factors as urban or rural market, number of retirees, military or college town, etc.

Wal-Mart's use of state-of-the-art technology for a more efficient and productive operation is part of the company's grand design to step up its expansion from the original 1960's base of rural and suburban areas to a more diverse mix of communities—major metro markets along with mini, satellite communities.

The discounter expects to open a few test 25,000-30,000-sq.-ft. prototype stores designed for small towns later this year.

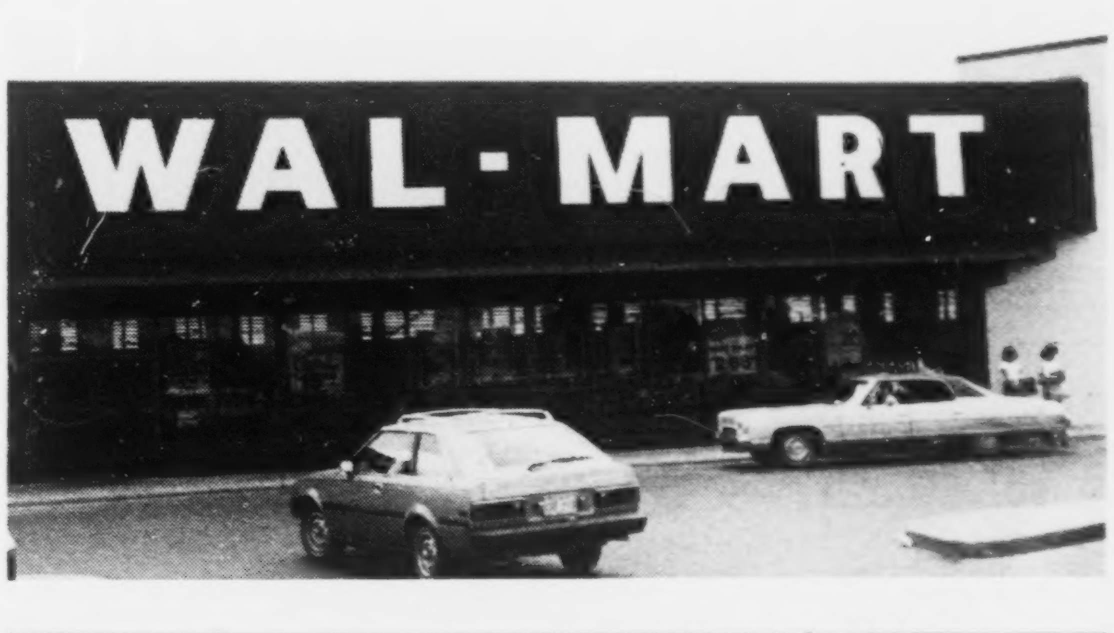
Sam's Wholesale Clubs are part of Wal-Mart's expansion into metro markets, and are considered compatible with the company's basic discount retailing focus on high-volume, low-overhead and low-gross-margin stores.

The eight Sam's Wholesale Clubs and 106 Wal-Marts opened last year added up to more than 7.5 million sq. ft. of new store space for the company, raising the footage 21.8% from 34.4 million sq. ft. to 41.9 million.

The 115 new Wal-Marts projected for this year include 19 in Texas, the company's largest market with 143 units currently there, and 14 in Florida, a state entered just three years ago and already home to 23 of the chain's units.

Aiding Wal-Mart's expansion will be an augmented distribution network that saw 152,000 sq. ft. being added to its Searcy, Ark., distribution center. A new 443,000-sq.-ft. DC and headquarters is being built in Bentonville to replace a smaller facility. Also, a 700,000-sq.-ft. DC is under construction in Douglas, Ga., and similar size facilities are planned for Brookhaven, Miss., and Plano, Tex.

Sam Walton
Chairman, Wal-Mart



Wal-Mart	Fiscal Year Ended 1/31/85	Fiscal Year Ended 1/31/84
Sales	$6,268,000,000	$4,744,000,000
Net Earnings	270,800,000	196,200,000
Stores	745 (1/85)	642 (1/84)

Target Boosts Expansion to 72 Bows in Next 5 Years

3

MINNEAPOLIS — Target is continuing on its expansion track with 13 stores scheduled to open their doors during the current year, and a total of 72 new units slated over the next five years.

That would bring the chain's total store count to 287 by the end of 1989.

That expansion schedule is one evidence of the fact that parent Dayton Hudson Corp. plans to put most of its expansion efforts and cash behind Target and Mervyn's, the promotional retail division. The company anticipates that 80% of the $3.2 billion budgeted for expansion in the 1985-89 period will be spent on Target and Mervyn's.

Aided by a solid fourth quarter, Target was one of the stars in Dayton Hudson's firmament in the most recent fiscal year. Sales rose 13.8% to $3,550,000,000; same-store sales were up a more modest 7%. The revenues represented 44.3% of the parent's total.

Operating income told a more impressive story, shooting up 33.2% to $235.6 million, or 37.7% of the parent's total (up from 30.6% the year before). The chain increased by 10 stores; net square footage went up 5%.

Target is in its first full year under a new president, Robert Ulrich, who assumed the post in December. He previously had been president of Dayton Hudson Department Stores. It's the second time in the chain's history that a department store veteran has held a top position; current DH chairman Kenneth Macke was the first.

Ulrich's department store merchandising experience should play a major role in the company's future store presentation plans. According to a spokesman, Ulrich is functioning as "the chief merchant at Target," freeing chairman Bruce Allbright to concentrate on strategic planning, his strong suit."

The first evidence of Ulrich's merchandising input could come in a new prototype which Target is rumored to be readying for later this year, though a spokesman said that no new formats will be unveiled at least until 1986.

With the 28 stores that Target poured into the southern California cauldron two years ago registering "strong sales improvement," according to Dayton Hudson's annual report, Target will add three more in that market this year as part of the planned 13 store expansion. The new stores will open in Fall Brook, Cypress and Orange. Elsewhere in the state, stores will be unveiled in Laverne and Santa Fe Springs.

Other openings include four in Texas. Three have opened in the northern Texas cities of Abilene, Denton and Amarillo, as the chain attempts to add strength there to its heavy representation in the Houston market, which is scheduled to see its 14th store opened this year.

Target this year has already opened its second store in Cheyenne, Wyo., and will debut units in St. Cloud, Minn. (its first); Milwaukee (it's seventh) and Phoenix (its sixth). With the exception of the Denton store, all the new units will match the chain's typical 100,000-sq.-ft. size, with about 85% of that devoted to selling space.

The 13 openings will bring Target's store count to 228.

However, Target continues to fine-tune and test new merchandising concepts within the existing stores. In a test store in St. Paul, Minn., for example, a coordinated home decor area has been placed on the front race track. The presentation includes five 20-ft. flats of KD furniture adjacent to lamps, wicker, framed posters and other home accessories. The top row of the lamp display is electrified to encourage impulse sales.

Another adjustment was the raising of housewares gondolas by a foot for better visibility. Dinnerware samples were moved to a shelf higher to be at eye level to consumers.

In soft lines, Target recently appointed a new senior vp, gmm. James Adamson, who had been vice president for marketing and real estate for DH's B. Dalton Booksellers, moved into the slot vacated in February when Robert Floum left to become president of Kohl's Department Stores. Earlier, Adamson had been a dmm for The Gap.

Bruce Allbright
Chairman, Target

Target	Fiscal Year Ended 2/2/85	1/28/84
Sales	$3,550,000,000	$3,118,000,000
Operating Income	235,600,000	176,800,000
Stores	217 (1/85)	205 (1/84)

Best Restructures Its Operations, Slows Diversification

4

RICHMOND—It's turnaround time at Best Products.

This year, executives are devoting their energies to stemming Best's profit slide and forging the cataloger into a more productive operation—one that will return the company to its past profit levels of a 2½% to 3% return after taxes.

That effort, being engineered by Robert E. R. Huntley, president and chief operating officer, and Bernard A. Cohen, executive vice president and president of the Best Retail Group, focuses on an extensive restructuring of the company's operations, with the main emphasis on the showroom arm and its seven chains.

In the process, two diversification probes—Best Jewelry jewelry and giftware specialty stores and Ashby's apparel specialty units—have been put on the back burner.

The 11-unit Best Jewelry operation isn't due for any expansion this year; that chain's merchandising has been folded into the showroom division while the long-range potential of these stores is assessed.

Ashby's will add four more stores to its base of 29, but this chain's future growth is heavily dependent on a new merchandising program being developed by a new management team Best installed late last year to try to turn this operation around.

Best's need to radically improve its operations was clearly evident from its performance last year. Sales of $2,252,656,000 were up 8.2%, while net income fell 58.8% from $33,013,000 to $13,609,000.

DSN projects Best's sales will go to about $2.5 billion this year, sparked by the start of the revitalization of the core showroom business.

This effort, a three-year, $80 million- $95 million plan to refurbish and modernize 107 showrooms, will see 22 units revamped in 1985 at a cost of $500,000 to $850,000 per store.

The highest-volume showrooms from each of Best's seven chains—Best, LaBelle's, Dolgin's, Jafco, Miller Sales, Roggers and Great Western—will get the new look as the cataloger puts its money on its most productive and profitable stores.

Company executives believe the math for the revamping works out as follows: Sales will go up $500,000 per showroom and the aftertax net would be $15,000 or about $1.5 million from the refurbished units, enough to offset the cost of the debt (and interest) used to finance the facelifting.

Merchandising Move

Getting the sluggish cataloger moving again is keyed to Best's achieving the goal of the remodeling effort in the 107 showrooms—and then extending the program to all its stores if it is successful. This involves boosting volume from the refurbished stores a "conservative" 5%, along with improving operations to reduce the average unit's staff by an average of about five clerks, thereby saving one-half to 1% of payroll costs as a percentage of sales. The latter works out to a total saving of $10 million to $13 million when all 107 units are updated.

The new look envisioned for Best: a showroom with a contemporary decor and a race track layout that has higher-margin, salesclerk-serviced departments—jewelry, giftware, housewares and consumer electronics on the entrance side, and lower-profit, mass-displayed self-service sporting goods, toys and seasonal goods on the side leading to the exit.

The new format will force customers to use the race track to move through the showroom, and they will first have to shop the higher-margin departments before they can go past the self-service area and the checkouts.

Markedly changing the showrooms is only one element in Best's extensive restructuring. Just as important is the radical revamping and consolidation of its management setup and operations into one centralized company, directed from Richmond.

Over the past three years, the company has unsuccessfully tried to operate through a combination of a centralized Best chain and decentralized management and merchandising of its six other showroom divisions that came into the fold through the 1982 acquisition of Modern Merchandising, and its 74 stores.

Now, Best will do all the merchandising for all seven chains, including uniform promotional programs.

At the same time, all accounting, data processing and similar basic financial functions have been centralized at Best's Richmond headquarters.

On the firing-line level, the seven chains, which were managed through a 10-region structure, were redeployed into just four regions, each containing about 50 showrooms doing about $500 million in sales.

The district offices, however, were upped from 21 to 29 to provide more intimate communication with the stores for a better response to local market factors. Each office now oversees six to eight showrooms, rather than the 10 to 13 previously.

All the changes under way at Best haven't slowed down the expansion of the showroom division. Ten new showrooms will be opened this year, including two in Columbus, Ohio, to mark Best's debut in that market, along with a fourth in Milwaukee and three more in other Wisconsin cities. The cataloger entered Wisconsin last year with three units.

All 10 new showrooms will carry the Best logo, giving rise to speculation that the company eventually plans to switch some if not all the other chain names to Best. Company executives have consistently downplayed this scenario.

The 10 new stores will average 52,000 sq. ft., Best's new optimum size unit, and will include the new look being used to refurbish the 107 older stores.

Older showrooms that are larger than the new prototype size could also be involved in another major Best move being contemplated by executives: to turn the excess footage into Ashby's and Best Jewelry stores, so that the company would run minishopping centers having a potentially greater opportunity for sales than large showrooms do.

Executives have examined the legal and physical aspects of taking this step, but so far no such moves have been made.

Andrew Lewis
Chairman, Best Products

Best Products	Fiscal Year Ended 2/2/85	1/28/84
Sales	$2,253,000,000	$2,081,000,000
Earnings	13,600,000	37,100
Showrooms	204 (1/85)	196 (1/84)

Zayre, on Big Roll, Escalates Diversification Ventures

5

FRAMINGHAM, Mass. — Zayre, fueled by its ninth straight year of sales and earnings growth, is moving on several fronts to become a more powerful diversified retailer.

This year, Zayre is simultaneously stepping up expansion of its discount department stores and specialty retail ventures, including T. J. Maxx, Hit or Miss and BJ's Wholesale Club.

At the same time, Zayre is rolling out to more departments in 45 stores lighting, color, fixture and assortment changes first tested in 1984 in apparel, domestics and stationery. Similar changes will be evident first in hardware, automotive service, candy, books, party goods, greeting cards and paper goods. The goal is to keep Zayre discount stores catering to its primary low income shopper base while offering cleaner displays and a broadened mix.

Underlying these moves is Zayre's reliance on market research to keep chain strategies aligned with what customers want. Zayre will spend $750,000 this year on shopper surveys alone, a chain executive said.

"What you think you're doing doesn't count. Only what customers think counts," he added, summing up top management's view on Zayre Stores' positioning within markets.

Sales Up

In its most recent fiscal year, Zayre corporate sales rose 19.5% to $3.1 billion. Net income for the corporation climbed 30.8% to $80.3 million.

Contributing most of that, the discount store chain produced sales of $2.2 billion. Its volume increased almost 16% from $1.9 billion the year before. Operating income for the chain rose 34.6% to $122.2 million, or 5.6% of sales, an improvement that reflects better inventory and expense controls, a company spokesman said.

Zayre is currently assimilating 31 Gaylords stores acquired this spring for $13.1 million. The buyout strengthens Zayre's presence in Mississippi, Alabama, Georgia, North Carolina and Delaware, which serves as a geographical bridge between Zayre's Baltimore-Washington markets and its more northern territories.

The takeover also makes Zayre the top discounter in units in New Orleans, with 10 discount department stores outnumbering five K marts and four Service Merchandise showrooms (former H. J. Wilsons). Gaylords had lost $4.3 million on sales of $145.7 million in its latest fiscal year.

Moreover, Zayre will direct $150 million toward capital expenditures in 1985, a 50% rise over 1984's outlay. It includes $59 million for new stores, $30 million for distribution center expansion and much of the rest for remodeling expenses.

Plans Aired

Zayre will add 3 million sq. ft. of new store space in 1985, up from last year's addition of 2 million sq. ft. Plans include:

—20 new Zayres in existing market clusters to improve advertising and distribution efficiencies, and one store closing, raising the year-end roster to 310. Further, Zayre aims to add 100 discount department stores over the next five years.

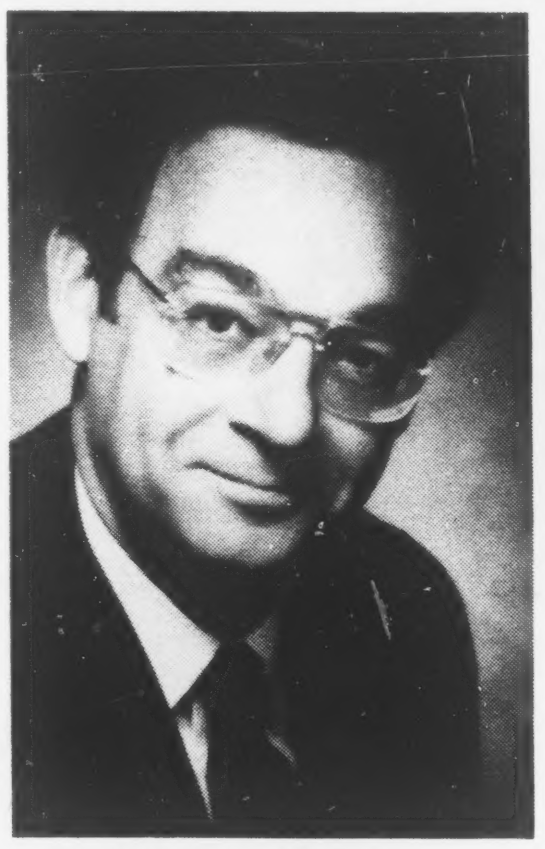
—35 new T. J. Maxx family apparel and domestics stores, raising the total to 191 by year's end. All new stores will follow a prototype tested in four stores last year, and 20 existing units will be reformatted to the new design.

—50 new Hit or Miss stores, and five closings, to a total 446 at the end of 1985.

—three additional 100,000-sq.-ft. BJ's Wholesale Club membership warehouses in Hartford, Conn., Syracuse and Buffalo, N.Y., adding to its three in Medford, Mass., Johnson, R.I., and Hialeah Gardens, Fla. Zayre management still considers BJ's to be an experiment, despite having created a separate corporate division for its last year.

Zayre is expanding distribution capacity to support its escalated store growth plans. It will enlarge Chicago and Atlanta facilities that service Zayre stores. T. J. Maxx will soon complete a 200,000-sq.-ft. addition to its 300,000 sq. ft. distribution center (DC) in Worcester, Mass., and will start construction on a 600,000-sq.-ft. DC in Evansville, Ind.

Hit or Miss recently added 160,000 sq. ft. to its initial 105,000-sq.-ft. DC in Stoughton, Mass., where it plans to place an automated merchandise sortation system.



Malcolm Sherman
President, Zayre Stores

Zayre Discount Stores	Fiscal Year Ended 1/26/85	1/28/84
Sales	$2,195,000,000	$1,902,000,000
Operating Earnings	122,200,000	90,800,000
Stores	290 (1/85)	275 (1/84)

Read

CLASSIFIED ADS

every issue
in

Discount Stores News

Why does Amity outsell other wallets?

AMITY
Framed Purse
Framed Purse
AMITY

Amity keeps out-selling the competition year in and year out.

For a number of profitable reasons.

Amity is the only brand in its market that consistently advertises nationally, so customers are on the lookout for our products.

Amity specializes in mass merchandisers, so we know the products you want and the prices you need.

Amity follows-through with service to make certain the product presentation and inventory is maintained in your stores.

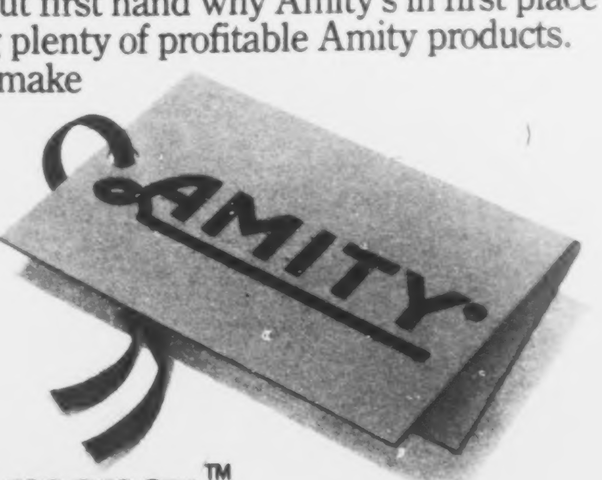
Amity's high-quality products are made right, right here in America, which is important to your customers.

And Amity has set the standard when it comes to innovative, high-impact acrylic displays that are helping retailers double and triple their sales.

In fact, no other manufacturer of personal leather goods offers you a more complete package of products, promotions and support.

Find out first hand why Amity's in first place by stocking plenty of profitable Amity products.

You'll make
money
hand
over fist.



CRAFTED WITH PRIDE IN USA

Giving you more for the money.™

400 Key Stores Undergoing Massive T.G. & Y. Facelift

	Fiscal Year Ended	
T.G. & Y.	2/31/84	12/31/83
Sales	$2,020,000,000	$2,020,000,000
Earnings	NA	NA
Stores	743 (1/85)	517 (1/84)

6

OKLAHOMA CITY — As the key element in T.G. & Y.'s turnaround efforts, management of the 743-unit, $2 billion chain is moving along in its plan to renovate 400 key units, and rework their assortments to emphasize the chain's strength in basics.

This effort follows several years of poor sales results and high management turnover at both T.G. & Y. and its parent, Household Merchandising.

For the fiscal year ended Dec. 31, 1984, T.G. & Y. reported sales almost flat with the previous fiscal year, at $2.02 billion. However 1984 sales were produced on a store base smaller by 73 units than the previous year, and president Richard Rusthoven said earnings showed a slight gain in 1984.

Continued improvement, Rusthoven said, will be guided by the chain's adoption of a "practical, segmented" approach to the business which allows store size and location to dictate how each store should operate.

Rusthoven expects 150 of the chain's 400 mid-size units to have been renovated by the end of this year, with the balance completed by the end of 1986. All are between 25,000 and 45,000 sq. ft.

In addition, T.G. & Y. is formulating a new format for the chain's 100 larger, over-50,000-sq.-ft. units. The remaining, smaller stores are in the process of being remerchandised as variety stores, along the line—in decor and assortment—as the chain's sister variety store division, Ben Franklin.

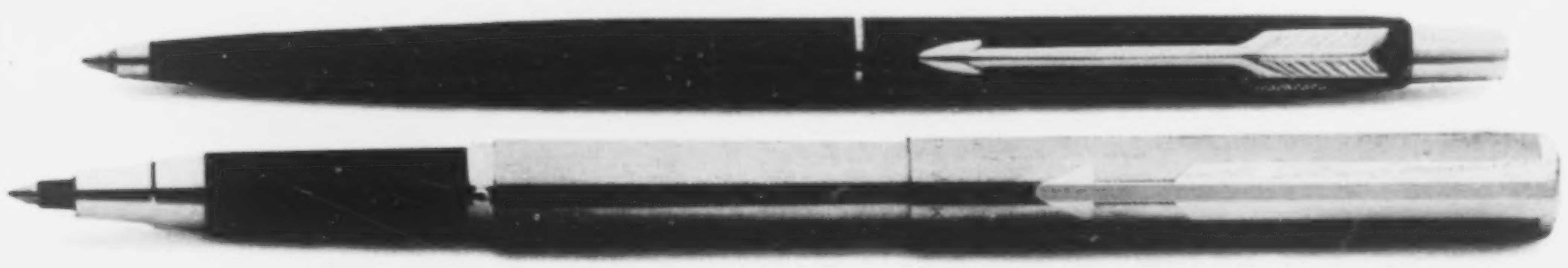
Along with the segmentation comes a reshaping of virtually every aspect of the company, from its reporting structure and merchandise ordering-/tracking system to store presentation and advertising programs.

Among the changes in progress, or planned, are:

- To have most of the chain's discount stores equipped with electronic point-of-sale by the end of the year, a goal already achieved in a majority of the core 400-store group.
- To more than triple the number of merchandise departments to provide a better gauge of performance. As of the beginning of the year, the chain began monitoring and buying goods for 77 distinct departments as opposed to 23 previously.
- A move to an open-to-buy system.

Richard C. Rusthoven
President, T.G. & Y.

To help you sell these,



we're giving away these.

A prediction: You'll be selling lots and lots of Parker pens this season. And not only because they make great gifts. You see, when your customers buy a Parker Premier, 75, Classic or Arrow pen or set, we'll send them a free Parker Vector Roller Ball. All they do is send us proof of purchase along with the redemption certificate they'll find in our ads. Ads that we're running in magazines like *Time*, *Newsweek* and *Sports Illustrated*, as well as newspapers all over the country. Ads that, together with our radio campaign, will get our message across more than 244 *million* times.

With that kind of backing, we expect to be giving away a lot of pens. So get set for a lot of business. But don't say we didn't warn you.

PARKER

©1985 TPPC

Why buy any line when you can sell a

Design-A-Chair

It's the hottest chair going, at the hottest price anywhere—and it goes anywhere in the home or office. Don't be burned by imitations—this Wallace original beats 'em cold!

LEISURE PRODUCTS, INC.
The next big name in lifestyle furnishings.
31st & Jefferson Sts. • Phila., PA 19121
215/232-9900

CENSUS '85/'86

Toys "R" Us, on Way to $2B, Is Adding Two Markets

7

ROCHELLE PARK, N.J. — Toys "R" Us (TRU) will slightly change its game plan on the way to this year's goal—topping $2 billion in sales.

For the first time, the 198-unit toy giant will depart from its long-held strategy of debuting in one new market per fiscal year, by entering two—previously announced upstate New York and now the Carolinas.

The impending upstate New York debut, in Buffalo and Rochester, appears to be a sound geographical step which ties into last year's Canadian invasion.

Industry sources indicated the move into the Carolinas is a tactical advance against its prime toy supermarket competitor Child World, which reportedly had been looking at the same states.

In addition, TRU has already tapped Cleveland as its new market entry for 1986, its third city in Ohio. The chain already operates in Cincinnati and Toledo.

Although two new market debuts appear uncharacteristic for TRU, its 35 new store openings slated for this year are right in line with the chain's annual 18% expansion rate.

Last year, TRU opened 29 new stores, on a base of 169 units, and entered Cincinnati for the first time. Sales increased 29% to $1.7 billion from $1.3 billion in the previous year and earnings rose to $111.4 million from $92.3 million in fiscal 1984. Comparable-store sales increased 14.4%, stronger than the prior year's 13.5% comparable store gain.

This year, TRU is already off to a fast start. Sales for the first quarter rose to $326 million from last year's $247.4 million, a 31.8% jump. Net earnings for the period rose to $12.2 million compared to $9.6 million for the first quarter last year. Comparable store sales for the period were up 15.9%.

The company's stock also performed well for the first six months in '85, jumping over 12 points on the New York Stock Exchange, from a January low of 25½ to its recent high of 37¾.

Currently owning a 14% share of the U.S. toy market while only operating in 28 states, TRU is expected to account for approximately one-quarter of all domestic toys sold by the end of the decade, according to industry analysts.

However, TRU has even greater aspirations. Firm in its commitment to grow into a worldwide retailer, TRU will be strengthening several global footholds this year.

In Canada, the chain will open four new stores in Ontario province during '85 to go with last year's debuts in Toronto, Brampton, Hamilton and London.

Looking across the water, TRU will be opening its first cluster of stores in the Greater London area, operating through a wholly owned subsidiary. A distribution center and excutive buying office in Reading, England, will service the cluster of four-five stores.

So far, all of TRU's overseas diversifications have been orchestrated essentially in this same manner—almost identical to any of its domestic market entries.

Additionally, in 1986, TRU plans to open its second store in Singapore.

Back in the states, Kids "R" Us (KRU), the toy giant's little sister off-price children's apparel retailer, will also grow up this year. The 11-unit chain will add 14 new stores and will branch out of the tristate metropolitan area for the first time, entering Philadelphia and Maryland.

KRU's move south will be made possible by the opening of its first distribution center this September. The 296,000-sq.-ft. facility in Franklin Township, N.J., will allow for the later construction of a mezzanine level, which would add another 100,000 sq. ft. of distribution capacity.

Internally, KRU has made several key changes to its prototype over the past year including increasing selling space from 15,000 sq. ft.-20,000 sq. ft., and adding music videos (rented from MTV) and more electronic amusements for kiddie customers. Also, bright orange race track aisles in carpeted departments replaced the single main aisle of older stores.

This new configuration was identified as the model for future KRU stores by Charles Lazarus, TRU's founder and chairman, who calls the look "third generation" Kids "R" Us.

Parent TRU has also made some fine-tuning adjustments on its corporate level. The company has finally placed the missing piece in its upper management puzzle by naming Robert C. Nakasone president of the U.S.A. store division. The move completed TRU's reorganization of its management structure, now broken into six separate operating divisions—U.S.A. toy stores; international toy stores; general merchandise; Kids "R" Us; finance and administration and department stores. All division managers will continue to report to Norman Ricken, president and chief operating officer.

Charles Lazarus
Chairman, Toys "R" Us

Toys "R" Us	Fiscal Year Ended 2/3/85	Fiscal Year Ended 1/29/84
Sales	$1,701,000,000	$1,320,000,000
Earnings	111,400,000	92,300,000
Stores	198 (1/85)	169 (1/84)

MICRO BLIND
1/2" Vinyl Slats
14 cafe curtain clips
Kenney
Vertical blind

No matter how your customers cover windows, Kenney's got you covered.

Practical Pam . . . nouveau Norman . . . thrifty Thelma. Bring on the choosiest customers. The more diverse and demanding they are, the more they'll be pleased by the complete Kenney collection of window fashions. The same Kenney products that are proven sellers in the nation's top department stores.

Over 3,000 SKU's of drapery hardware, shades, vertical, pleated, wood and mini blinds and the sensational new micro blinds — in a whole range of colors and materials. If it's made, it's made better by Kenney.

Best of all, each and every package is coordinated and attractively held in an inviting display that holds a full *30% more merchandise* in the same amount of floor space. Then, our nationwide sales force assures that it's neat, attractive and well-stocked. With seven regional distribution centers, we can ship almost any item to your store within 48 hours.

Trendy . . . traditional . . . upscale . . . down-home. There's no such thing as an average customer, so you need more than an average line. And Kenney's got you covered with the best program of products, display and support in the industry. Call or write Kenney — we'll cover all the details with you.

Kenney Window Fashions

New York Office & Showroom
261 Fifth Ave., Suite 807, New York, NY 10016 USA
Phone (212) 689-4804 (4805)

Factory & Executive Offices
1000 Jefferson Blvd., Warwick, RI 02886 USA
Phone (800) 556-6531

CENSUS '85/'86

Service Merchandise Spreads Showrooms, MR.HOWs

8

NASHVILLE — Service Merchandise's drive to diversify its operations, while also finally becoming the nation's leading cataloger in sales and number of units, continues without letup.

The diversification effort will see the company markedly expand its two stables of stores—Service Merchandise showrooms and MR. HOW Warehouse home centers—and end the year with about $2.6 billion in sales.

More Stores

In the core catalog showroom operations, Service will open at least 20 new stores besides the 80 H. J. Wilsons and eight Ellman's acquired two months ago. The 183 Service units in 35 states that the company housed in its showroom stable at the start of 1985 will grow to at least 291 stores in 36 states by the end of the year.

More importantly, the acquisition of the Wilson and Ellman's chains for the first time makes Service a power in Texas and in Louisiana, the latter a new market for the cataloger. It also noticeably strengthens Service's operations in a host of current states: Florida—it's now the leading chain in units in that highly competitive market—Georgia, Mississippi, Alabama, Colorado, North Carolina and South Carolina, among others.

Service's showroom arm last year accounted for an estimated $1.6 billion in sales and all the company's profits. The firm's total volume was $1,656,922,000, a 13.6% jump from $1,458,098,000, while earnings of $44,576,000 was a slight dip from $44,869,000.

The infant MR. HOW Warehouse division—it had 12 stores, up from just two in 1983—last year had an estimated $50 million in sales, up from about $15 million. It had an undisclosed loss due to the cost of its startup operation.

Sales Estimated

The remaining approximately $6 million in volume last year came from 10 Computer Shoppes in four states, three Lingerie Stores in Tennessee and two Zimm's jewelry and giftware specialty stores in Nashville, businesses that the diversified cataloger doesn't expect to cultivate into major operations due to its explicit focus on the Service and MR. HOW Warehouse chains.

The company's plan for its showroom operation is more of the same—backfilling major markets with a combination of prototype 50,000-sq.-ft. stores and satellite scaled-down 30,000-sq.-ft. units to maintain the chain's dominant presence built up over the last decade. The showrooms will continue to rely on jewelry and giftware as the big profit categories and on housewares, sporting goods, toys and consumer electronics as the traffic producers.

The same program of rapidly unveiling a slew of showrooms in diverse markets as the base for future growth that resulted in Service's impressive nationwide expansion is now being followed for the MR. HOW Warehouse chain.

Service's chain of 12 warehouse home centers in operation at the start of the year will triple in count to 36 stores by the end of 1985 as at least 24 are unveiled.

That expansion will put MR. HOW Warehouse in a neck-in-neck race to be the second-largest warehouse home center chain with Builders Square, disconter K mart's warehouse operation which projects running a similar number of units.

MR. HOW Warehouse, however, will trail The Home Depot, the originator of the warehouse home center concept, in stores, with the latter expected to have almost four dozen units by the end of the year.

Mirroring the development of its showroom chain, Service is scattering MR. HOW Warehouses in a number of adjacent states while also concentrating units in key metro areas in an effort to be the first in each market to stake out a dominant position by having the greatest number of units there.

This related two-prong growth effort has seen MR. HOW Warehouse open stores in various cities in Florida and Georgia, Tennessee and Virginia, and New Jersey, Pennsylvania and Ohio while also umbrellaing such metro markets as Chicago, Cincinnati, Columbus, Ohio, Miami-Fort Lauderdale and Jacksonville, Fla., with multiunits—as many as a half dozen in Chicago by the end of the year with another two already set there for 1986.

Service executives see the MR. HOW Warehouse operation helping to even out the company's overall sales pattern by pumping in volume during the first half of the year to balance the catalog arm's heavy dollar flow in the second half of the year—particularly the last quarter.

Based on Service's record, this competition has helped to spark its showrom growth, and a similar readiness to go into markets eyed by other warehouse home center chains is evident for the MR. HOW Warehouse operation.

Raymond Zimmerman
Chairman, Service Merchandise

SERVICE
MERCHANDISE

Service Merchandise	Fiscal Year Ended 12/29/85	 12/31/83
Sales	$1,607,000,000*	$1,458,000,000
Earnings	44,600,000	44,900,000
Showrooms	175 (1/85)	158 (1/84)

**Doesn't include sales of H. J. Wilson or Ellman's, bought 6/85*

NOW SHOWING
PREMIER PERFORMANCE
THEATER STYLE
microwave
POPCORN

- New family-size portion
- No refrigeration required
- Convenient—quick and easy to use
- Out-pops all competition
- Unique packaging
- Theater Style popcorn
- Nutritional—popcorn and oil in separate packets
- Ideal for dieters
- Gourmet popcorn—developed for microwave
- Available in standard case pack, or attractive self-contained display merchandiser

WYANDOT®
Quality... Our Chief Concern
Wyandot, Inc., 135 Wyandot Avenue, Marion, Ohio 43302 USA
Phone: 614-383-4031 Telex: 246694POPCORN MAON

Bradlees Spreads to All But 2 Big Northeast Markets

9

BRAINTREE, Mass. — Bradlees has now tackled all but two of the major markets in the Northeast.

Once its recently announced move into Philadelphia/Wilmington is under way, Providence/Pawtucket and Long Island will be the only northeastern markets without Bradlees stores.

This year the $1.4 billion chain is once again invading new territory aided by a multistore acquisition. The recent purchase of 18 former Jefferson Ward stores in the Philadelphia/Wilmington, Del., market for a reported $75 million, combined with three previously planned openings there, will give the chain a 21-store market presence by the end of next March. The deal is effective this month but reformatting those stores into Bradlees units isn't slated for completion until next spring.

Since 1982, Bradlees' expansion has included other smaller multistore buys: a purchase of 11 former Two Guys stores—seven of those clustered in central New Jersey—and 10 former Memco stores which in 1983 propelled the chain into the Washington, D.C./Baltimore market.

By the end of this year Bradlees anticipates operating 157 stores in 10 states.

Bradlees started this fiscal year with 132 stores in eight states along the East Coast. During 1984 the chain opened six stores in existing markets—three in Massachusetts, two in Maryland and one in Virginia.

Increased Sales

Sales for 1984 of $1.4 billion represented a 19% increase over the year before; same-store sales were up 10%. Average store sales for Bradlees rose to $11.3 million from $10.2 million in 1983 thanks to a sales-per-square-foot increase to $161 from $147.

Although volume figures were up, the ratio of operating profits to sales slipped a bit last year. Operating earnings of $85.2 million in 1984 represented 6% of sales; in 1983 operating earnings were 6.8% of sales.

Responding to sluggish second-half sales which triggered markdowns last year, Bradlees has become more aggressive in everyday pricing on basic goods and more conservative on inventory levels.

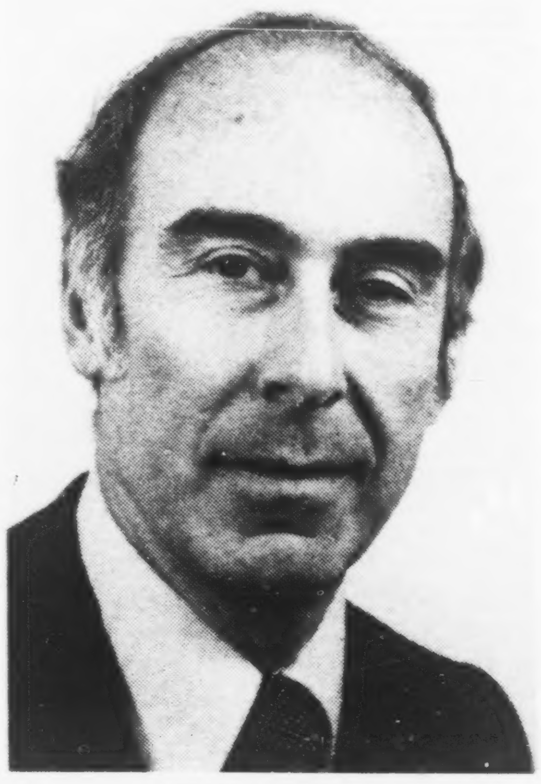
New data processing equipment, including point-of-sale registers now being tested in the chain's Hingham, Mass., store, should help inventory management as it moves chainwide.

This year the merchandising staff at Bradlees headquarters was reorganized to strengthen the chain's efforts and also to free president Harry Kohn to concentrate on real estate development, a company spokesman reported. George Granoff, who had been vp of home furnishings, sporting goods and toys, was named to the new position of senior vp merchandising, Braintree. All vp/gmm's now report to him instead of directly to Kohn.

Also this year the men's and boys' apparel category was given its own vp/gmm.

The Jefferson Ward purchase included nine stores in eastern Pennsylvania, seven in adjacent New Jersey and two in Wilmington, plus a 160,000-sq.-ft. distribution center in Burlington, N.J. Some of the units are larger than Bradlees' largest 90,000-sq.-ft. prototype. In those 120,000-150,000-sq.-ft. units, extra space will be subleased to other tenants.

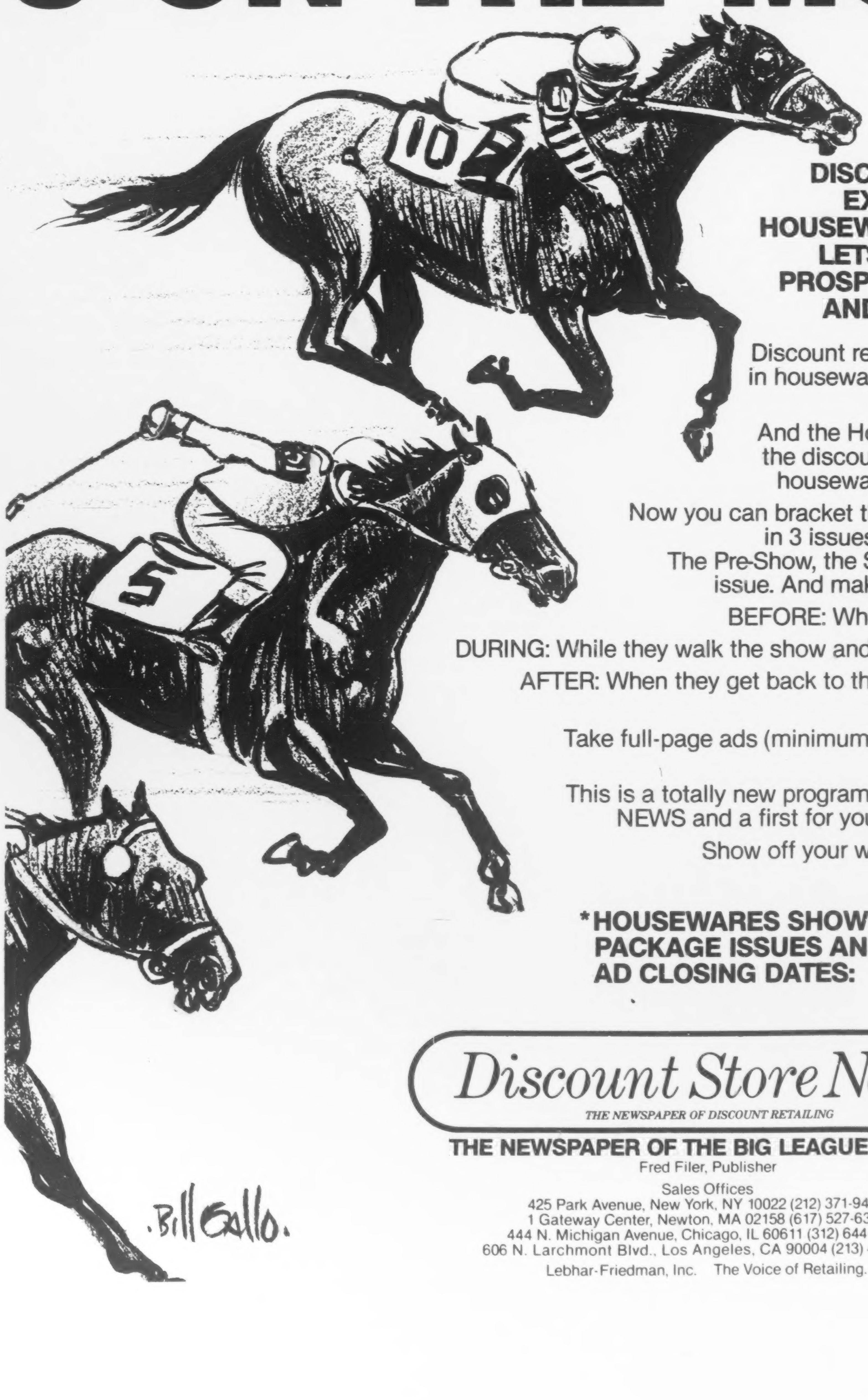
Even as Bradlees reportedly becomes more competitive in pricing basics, the upscaling of merchandise presentation is ongoing. Late last year, the chain unveiled a "research and development" store in Framingham, Mass. In that store housewares had been revamped with displays almost void of traditional gondola shelves; expanded ladies' accessories departments updated by a drop ceiling with track lighting and segmented into five shops; an MTV-inspired juniors section with neon signage, bright white slat walls and wire crate fixtures.



Harry Kohn Jr.
President, Bradlees

Bradlees	Fiscal Year Ended 2/2/85	 1/28/84
Sales	$1,404,000,000*	$1,183,000,000
Operating Earnings	85,200,000	80,500,000
Stores	132 (1/85)	127 (1/84)

Excludes leased departments



3 ON THE MONEY.

DISCOUNT STORE NEWS' EXCITING NEW 1985 HOUSEWARES SHOW PACKAGE* LETS YOU REACH YOUR PROSPECTS BEFORE, DURING AND AFTER THE SHOW.

Discount retailing accounts for $6.9 billion in housewares sales annually—35% of all retail housewares sales.

And the Housewares Show is the time all the discount retailers are looking at what housewares manufacturers have to sell.

Now you can bracket the Housewares Show with ads in 3 issues of DISCOUNT STORE NEWS. The Pre-Show, the Show issue and the Post-Show issue. And make sure they see your products:

BEFORE: When they are making their plans.

DURING: While they walk the show and are in a buying frame of mind.

AFTER: When they get back to their offices—to remind them to place their order.

Take full-page ads (minimum) in each of these 3 issues and earn a substantial discount.

This is a totally new program. A first for DISCOUNT STORE NEWS and a first for your industry. And your company.

Show off your wares. Reserve your space now.

*HOUSEWARES SHOW PACKAGE ISSUES AND AD CLOSING DATES:
OCT. 28/OCT. 1
NOV. 11/OCT. 16
NOV. 25/OCT. 30

Discount Store News.
THE NEWSPAPER OF DISCOUNT RETAILING
THE NEWSPAPER OF THE BIG LEAGUE CHAINS
Fred Filer, Publisher
Sales Offices
425 Park Avenue, New York, NY 10022 (212) 371-9400
1 Gateway Center, Newton, MA 02158 (617) 527-6394
444 N. Michigan Avenue, Chicago, IL 60611 (312) 644-8688
606 N. Larchmont Blvd., Los Angeles, CA 90004 (213) 464-8321
Lebhar-Friedman, Inc. The Voice of Retailing.

CENSUS '85/'86

Gemco Bolsters Stance as One-Stop Shopping Biggie

10

BUENA PARK, Calif. —Having opened its two newest prototypes earlier this year, Gemco has moved deeper into better positioning itself as a California one-stop shopping powerhouse.

Over the last several months, the $2.3 billion (including supermarket sales) chain has added new top management, restructured its buying organization, begun experimenting with electronic point-of-sale data collection, and moved to streamline its sales floors, all with a mind toward improving productivity.

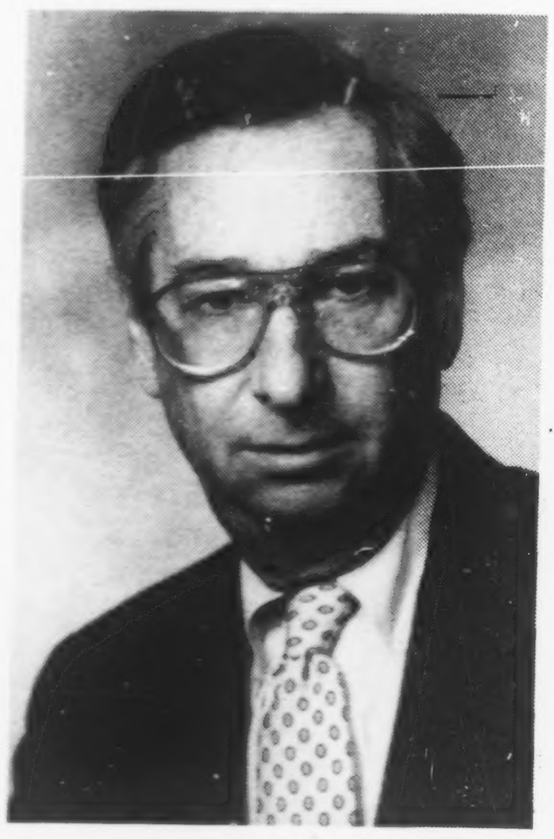
Leading the reorganization is Stan Brenner, who was brought in last February as president of Gemco. Brenner has begun assembling a new team to strengthen what he admits is an apparel assortment that is weak in fashion and in competitive price points, and to give added emphasis to home fashion business. To facilitate this shift in merchandising emphasis, the hard lines merchandising division was split into separate home store and hard line staffs.

In the two prototype stores, unveiled earlier this year in Rowland Heights and Encinitas, Calif., the chain has for the first time installed IBM scanning equipment at the front end, where, also for the first time, the chain offers a single bank of registers for checkout of both food and nonfood items. Older stores use scanning only in supermarket departments.

Ongoing evaluation of the two prototypes will help chain executives determine which key elements can be taken into older Gemco stores.

The chain also announced plans to open one more store by the end of this year, and two more in 1986. However, chain executives have identified improvement in existing stores' sales as their primary focus.

Gemco reported an 8.9% sales gain for the last completed fiscal year, but operating income decreased 52% to $22.8 million from $47.5 million for the previous year.



Stanley Brenner
President, Gemco

Gemco	Fiscal Year Ended 2/3/85	1/29/84
Sales	$1,247,000,000	$1,153,000,000
Operating Earnings	12,700,000	47,500,000
Stores	77 (1/85)	76 (1/84)

Management attributed this decline to an 11-week pre-Christmas strike of Gemco employees in southern California and the increased overhead expenses associated with investment in merchandising systems and staff.

These results follow several troubled years during which time Gemco was retrenched into its California markets (although stores still operate in Arizona and Nevada).

Its East Coast Memco division was shuttered late in 1982, and, following the 1983 Christmas season, six Gemco stores in Houston were closed, too.

In the meantime, Gemco has had to face stiffer competition in its home court, California, especially from Minnesota-based discounter Target, as well as from specialty off-pricers like Mervyn's and the wholesale warehouse operator, The Price Club.

After more than two years of testing various presentations and adjacencies in six "preprototype stores," chain officials said they designed the two stores with adjacencies that follow more traditional discount store lines, with hard lines and soft lines grouped together, each on one side of the store. A central checkout system and a trendy deli/bakery/seafood counter targeted at younger professional consumers, was also added.

More Important Role

The supermarket was given a more important role with a new center-of-the-store position marked with neon graphics.

To support women's apparel, jewelry, cosmetics, hosiery, handbags and accessories were brought into neighboring positions. The upfront and department-store like presentation of the categories give the stores a fashion-forward lead-in.

Previously dispersed consumer electronics classifications are now located together across the aisle from major appliances.

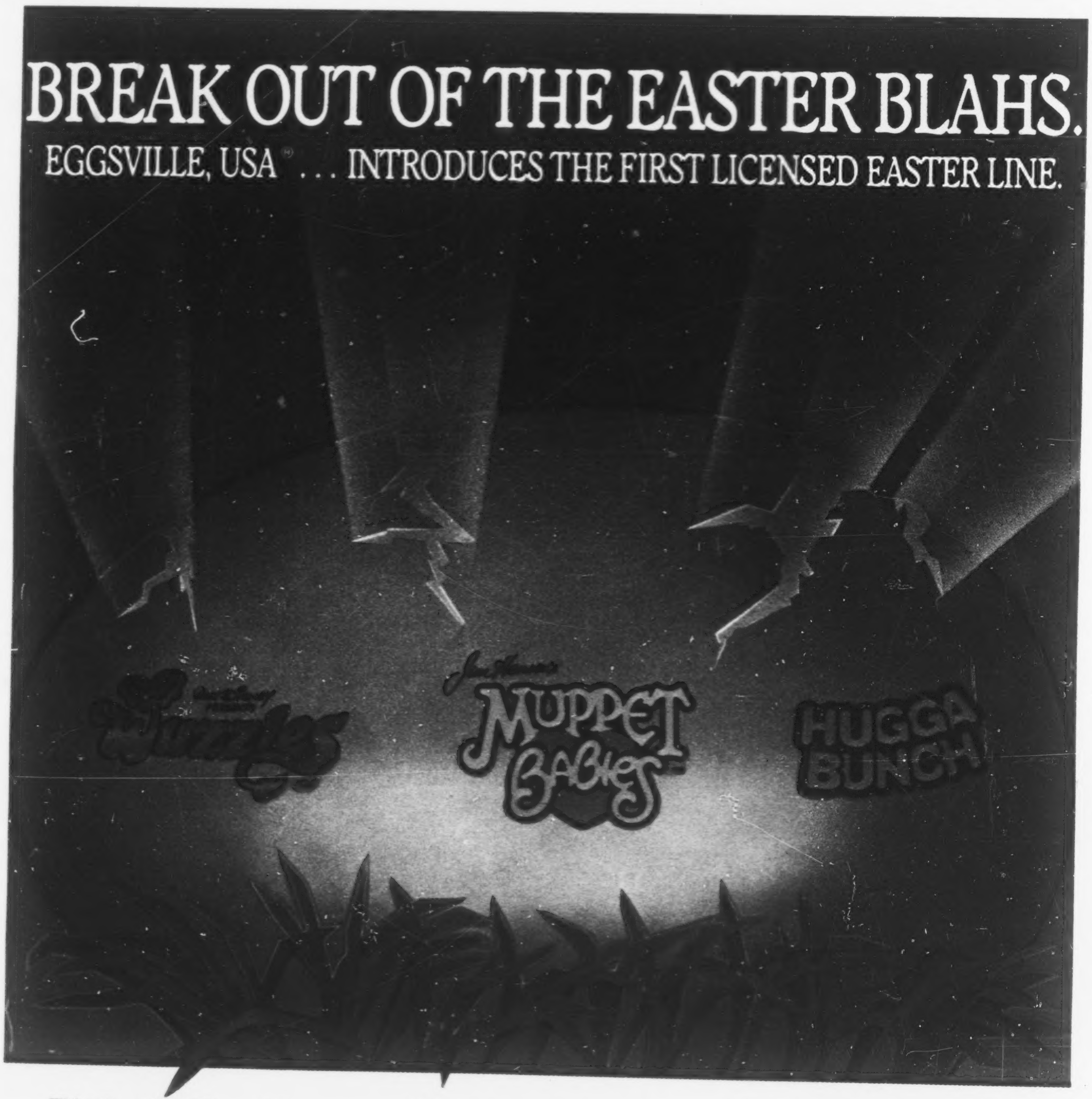
Domestics and housewares are now merged, forming a home area bordering the main aisle.

Other changes in the store include the addition of the Cashex electronic check authorization system, already installed in several other units, which should further speed customer checkout.

—Tonnage health & beauty aids have been separated from cosmetics and relocated in the supermarkets to be sold as commodity items along with paper goods. In older stores, the items were double-stocked at the front of the store and in grocery.

—A display area was established for special promotions at the center of the main aisle between housewares, domestics and apparel.

—The fashion approach to home fashion categories is carried over into the produce area. The neon lit "Farm Fresh" display suspended over the produce area is visible from any point of the store.


BREAK OUT OF THE EASTER BLAHS.
EGGSVILLE, USA® . . . INTRODUCES THE FIRST LICENSED EASTER LINE.
Wuzzles
Jim Henson's MUPPET BABIES
HUGGA BUNCH

We're Eggsville, USA . . . Our 1986 product line includes the hottest licensed characters: Wuzzles,™ Hugga-Bunch,™ and Muppet Babies™ . . . licenses that match the traditions of Easter and will give you the sell-through you've come to expect from the strongest licenses.

But a popular Easter character also needs enthusiastic "kid appeal." So we offer creative, innovative product ideas and packaging. This year's creations for Easter include:
• Egg Decorating Kits • Easter Stick- ons 'N' Eggs • Filled Baskets • Easter Baskets

This exciting collection of licensed Easter toys is designed to sell itself. Our Easter licensing is supported by massive advertising and media campaigns. Over $45 million on a heavy schedule of TV commercials, Saturday morning television, TV specials, and extensive consumer promotions. As the exclusive Easter toy company sponsor of Easter Seals, we reach 50 million people through the telethon which stars Pat Boone. Break out of the Easter blahs with a creative, licensed line of Easter toys backed by millions of dollars in advertising and media.

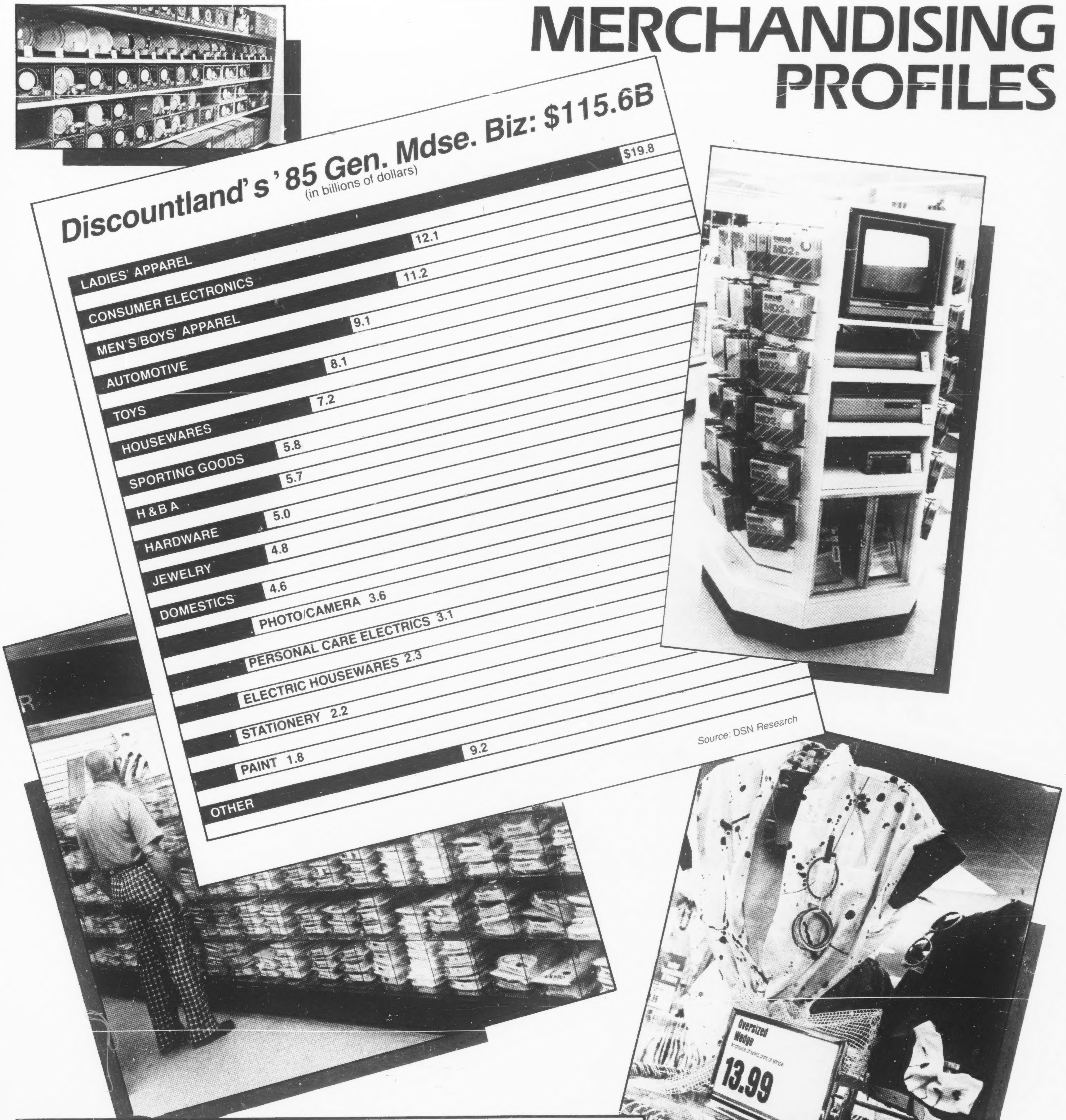
To be a part of our success story, call Marshall Daniel, Vice President of Sales (913/384-2173), or your Eggsville USA representative.

Eggsville, USA®

Home of the Peoria Plastic Company

WUZZLES™ © 1985 Hasbro Bradley, Inc. – Walt Disney Productions
HUGGA BUNCH™ © 1984 Hallmark Cards, Inc.
MUPPET BABIES™ Henson Associates, Inc. © 1985

MERCHANDISING PROFILES



Source: DSN Research

Discount Department Store Productivity

Category	Discount Volume in Billions	Sales Per Store in Thous.	Dept. Size Sq. Ft.	Annual Sales/ Sq. Ft.	Annual Turns	% Initial Markup	% Gross Margin
Women's Apparel	$15.0	$1,838	10,000	$184	4.7	48.1	37.4
Men's & Boys' Wear	8.7	1,066	7,710	138	3.5	43.9	34.6
Housewares	6.6	809	5,760	140	3.0	41.0	31.3
Consumer Electronics	6.1	747	2,300	325	2.8	31.0	19.5
Health & Beauty Aids	5.7	698	3,140	222	4.5	26.6	21.9
Automotive	5.3	649	2,300	282	2.7	34.1	26.9
Hardware	4.9	600	3,210	187	2.4	40.2	31.9
Toys	4.3	527	2,570	205	3.2	36.9	27.9
Sporting Goods	3.9	478	2,500	191	2.0	35.8	27.4
Domestics	3.4	417	3,130	133	2.7	44.21	34.1
Photo/Camera	3.3	404	675	599	2.8	25.12	18.0
Personal Care	2.9	355	800	444	3.0	29.7	20.1
Stationery	2.2	270	1,865	146	3.5	47.0	41.4
Paint	1.8	222	1,200	185	2.9	44.2	35.5
Electric Housewares	1.7	210	855	243	3.1	34.0	23.7
Jewelry	1.5	184	590	312	2.1	49.2	38.1
Glassware	0.7	86	590	146	3.8	40.0	32.7

INDEX

Automotive. 98
Children's Wear 95
Consumables. 123
Consumer Electronics . 116
Domestics 120
Electric Housewares . . 102
Hardware 100
Health & Beauty Aids . 112
Housewares. 102
Jewelry 110
Ladies' Apparel 121
Lawn & Garden 107
Men's/Boys' Wear 104
Paint. 100
Personal Care Appl . . . 109
Photo/Cameras 118
Sporting Goods 92
Stationery 92
Toys. 115

Merchandisers Eye Repositioning of Exercise Gear

Nationwide DSN Report

Discount merchandisers are looking for ways to reposition their exercise equipment selections in the wake of flattening sales in the category that some blame on a move to overly sophisticated merchandise with overly healthy price points.

Meanwhile, sporting apparel, in some cases cross merchandised with the general apparel departments, continues to show impressive performance. At the same time, fishing equipment continues to be a solid revenue producer for many chains.

As exercise equipment has become more sophisticated—incorporating such features as pulse monitors, dial-in weight resistance selection, for example—prices in many cases have been blown out of many discount merchandisers' comfort zones.

Many merchandisers agree that anything with a price tag over $200 requires, among other things, aggressive, knowledgeable help on the sales floor. Realistically, they also know that they aren't about to get that help.

One West Coast chain executive noted that his sales in the last quarter of 1984 ran behind the previous year's performance and blamed it on the inability to supply adequate sales help on the floor.

Strategies vary. S. E. Nichols planned to eliminate merchandise with price tags over the $200 mark for the rest of this year, after having followed the consumer trend last year well above that figure.

One major East Coast chain has been trimming sku's in exercise, dropping his selection of benches from five to three, and chopping his exercise bike collection from six to four models. However, in both cases, he was merely thinning his selections while maintaining the same basic spread of prices. Benches remained in the $60 to $140 range, while the bikes still run from $89 to $199.

As they struggle to restrategize, the chains are also struggling with growing margin pressure as the competitive environment heats up.

The chains are using sporting apparel in a two-pronged merchandising strategy. While they are being used to generate significant volume, the various shirts, shorts and warmup items are also being exploited for their fashion value.

A prominent example of the way the category is scoring a double play is at Connecticut-based Caldor, where store traffic patterns take the shopper through apparel before they reach such things as exercise equipment.

For the fall, the chain is aiming to develop a sportwear mix that relied evenly on men's and women's fashions. Previously, men's apparel accounted for 70 percent of the mix.

As the chain moves toward that increased fashion approach, it is also upping the percentage of business devoted to branded merchandise. Brands are accounting for approximately 50% of the mix now, with such names as Wilson and Spaulding mixing with the chain's "On the Move" label.

Fishing equipment, a mainstay for many chains, is being stimulated by more innovative packaging and presentation of such items as reels. The retailers are also widening assortments on most of the main traffic-build-ing fishing products, including tackle boxes and rods, along with the reels.

At Ames, virtually all the chain's fishing equipment is now coming under a blister pack program for self-service. Similarly, T.G. & Y. has established a policy that pulls all fishing merchandise out from behind counters into a total self-service environment.

Discount retailers have also renewed their emphasis on packaged rod-and-reel combinations. While many of those programs were debuted last year, several chains have expanded their assortments this year, in some cases customizing their own packages with manufacturers.

The rise in prepackaged combinations has taken them out of the realm of being merchandised only as starter sets for children at bottom price points. Most now pinpoint $20 for a combination as the volume-producing price point.

In some cases, retailers have projected double-digit increases in fishing merchandise for the current year.

Sporting Goods: $5.8B

Disc. Dept. Stores: $3.9B

Specialty discounters: $1.3B

Catalogers: $0.6B

Discount Department Store Productivity

Sales	$3.9B
Sales per Store	$478,000
Dept. Size	2,500 Sq. Ft.
Sales/Sq. Ft.	$191.20
Turns	2.0
Initial Markup	35.8%
Gross Margin	27.4%

Home-Office Proliferation to Help Drive Stationery Biz

DSN Nationwide Report

The continuing proliferation of home offices and small businesses is expected to be a major force behind stationery sales in discount department stores this year.

At the same time, the ongoing baby boom is driving sales of basic stationery supplies to school-bound consumers, although licensed portfolios, theme books and bookbags are losing some of their appeal with buyers.

The home office business is a solid generator of repeat sales. As one Heck's buyer commented: "Each shopper who buys a file cabinet from us [at 40% margin] will return to buy at least $50 of supplies in the following year."

Some chains, including Bradlees, Caldor and Ames, are adding fashion appeal to traditional office supply assortments with color-coordinated displays and mock-office settings.

Along with file cabinets and standard office paper supplies like folders and copy machine paper, some chains also are testing computer related supplies.

K mart, for one, began a test of computer supplies such as paper, discs and mailing labels in 100 stores. In 30 of its stores selling computers, Jamesway offers a limited assortment of computer paper and binders, diskette files and cases.

Most discounters, though, continue to take a more basic approach to selling school supplies, concentrating as usual most of their promotional efforts on the fall back-to-school (BTS) season.

Filler paper will remain the department's key promotional BTS items this fall. Many buyers say costs have stabilized after last year's 15% to 20% hike.

Some of them believe paper costs might drop back as much as 5% for BTS as domestic manufacturers struggle to fend off imports from Brazil and Mexico. This, in turn, may lead to a rerun of last year's retail price wars in which 200-count paper sold for as little as 29¢ to 39¢ per pack.

Theme books in 40-, 50-, 70- and 80-counts, portfolios and trapper keepers are expected to pick up some of the profit lost on filler paper promotions.

Basic theme books will continue to be footballed, with 70-counts promoted at 49¢ to 79¢ in most markets. But higher margin novelty paper products, as well as bookbags, will still play an important role in BTS sales.

This fall's strategy for selling portfolios, theme books and bookbags featuring licensed characters will change, with many discounters planning to almost slash in half the number of licenses featured in the stationery section last year.

Instead of offering up to a dozen different character licenses for BTS, buyers are shaving assortments to include only four or five of the newest and most popular licenses. Transformers, Rainbow Brite, Cabbage Patch and Wuzzles, along with staple licenses like Peanuts characters and Garfield, are popular choices.

Buyers say last year's sell-throughs on licensed goods fell short of expectations because of poor timing: many didn't reach the stationery section until after the clamor for them had subsided.

Discounters are also beginning to explore other options for offering high margin school supplies to novelty-seeking consumers. This fall, Richway plans to add hologram cover fashion portfolios and theme books to be priced at $1.29—the same price as its licensed 50- and 60-count theme books—to capture some of the older children's market, a market juvenile character licensing does not reach.

Gold Circle is trying to appeal to the older children and young teen market, too, with neon, paracloth and leather-look roll bags ranging in price from $5.99 to $8.99.

Following apparel trends, the most popular colors for nylon and canvas knapsacks are expected to be grays and plums, along with the usual favorites, black, silver, red and blue.

In writing instruments, buyers foresee no promotional surprises, and are sticking with aggressive promoting of multipack pencils and pens.

For example, for BTS Heck's is planning to offer three packs of 10-count pencils for $1; a three-count pack of eraseable pens for $1, and two packs of eight drawing or coloring markers for $3.

STATIONERY
ART SUPPLIES
SCHOOL SUPPLIES
OFFICE SUPPLIES
PRESCR
28¢

Stationery: $2.2B

Disc. Dept. Stores: $2.2B

Specialty discounters: NA

Catalogers: NA

Discount Department Store Productivity

Sales	$2.2B
Sales per Store	$270,000
Dept. Size	1,865 Sq. Ft.
Sales/Sq. Ft.	$144.77
Turns	3.5
Initial Markup	47.0%
Gross Margin	41.42%

Potential Seen High For Children's Wear

Nationwide DSN Report

Children's wear promises to be one of the more upbeat apparel categories, with many retailers optimistic about growth opportunities throughout the 1980's.

Fashion trends point in their favor. Powerful licensing sales continue to rejuvenate infants', toddlers' and girls' clothing through size 6x each season; and sizes 7-14 are gaining fashion momentum as juniors' trends continue to funnel their way.

In addition, baby boomlet demographics paint a rosey kid's wear picture for the next five to 10 years. The U.S. Bureau of Census projects the number of births will peak at 3.9 million in 1988, with an average 3.7 million expected to be born each year through the early 1990's.

Not only do the numbers favor the children's wear category, but an economic portrait of their parents—who are increasingly having fewer kids at later ages when their earnings are strongest—suggests a very ripe market.

One of the most aggressive specialty retailers on the children's wear trail is Kids "R" Us. The Toys "R" Us offshoot, concentrated in Metro New York, will have 26 stores under its belt by year's end, including market debuts in Philadelphia and Baltimore.

Toys "R" Us chairman Charles Lazarus recently said the off-price apparel chain will someday be bigger, in terms of units, than his 200-store toy chain. He also predicted Kids will eventually stand among the top five children's wear specialty chains.

More Stores

On the West Coast, Woolworth's off-price Kids Mart operation is also expansion bound. The chain started the year with 167 units after opening 47 last year. By year's end there should be 202 Kids Marts.

Catalogers—from big chains such as Best to regionals such as David Weis—are also getting into the act, with many increasingly using the category in conjunction with their juvenile furniture offerings.

In fact, Des Moines-based Ardan debuted its first line of infants'/toddlers' clothing and crib sheets in its first 1985 catalog.

Meanwhile, in K mart's storewide apparel overhaul, children's wear received its fair share of upgrading. For example, in girls' dresses, the Troy, Mich.-based operation has been trading up customers to higher price points and fashion. More bright primary colors and fewer dark plaids spruced up last fall's BTS line-up when sales in the category jumped 27%.

Based on the same fashion forward formula, the company has similar plans for fall 1985. It's projecting another 20% increase for BTS.

Meantime, discounters nationwide report licensing continues to pipe fresh blood into basic children's wear—especially sleepwear, underwear and fleece.

At Caldor, for example, licenses now account for as much as 75% of the girls' pajama lineup.

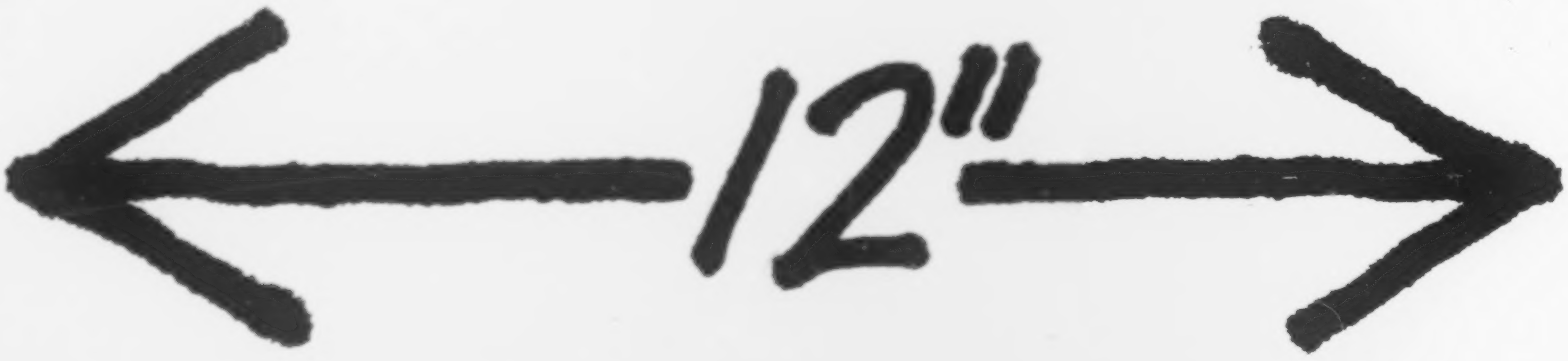
Bradlees, in contrast, keeps its licensed sleepwear down to a more conservative 30%.

One of the hottest juniors'/young men's licenses for 1985 is Mickey Mouse, which also promises to spur girls' and children's wear sales as well. At K mart and Caldor the trend is expected to continue for back-to-school and the holiday season.

Important lessons children's apparel buyers have learned in dealing with these volatile licenses include the following: order as close to the selling season as possible; shy away from licensed ready-to-wear, and judge licenses on their graphic merit, apart from other financial considerations.

At New York City-based S. E. Nichols, the Mary Lou Retton line is on the running board for late BTS and holiday. This relatively high-end program—with fleece sets for big girls priced at $22—reflects the company's overall trade-up strategy in apparel.

A baby boomlet is brightening the prospects for children's wear sales. Discount department stores and catalogers tend to relate apparel for infants' and toddlers' to juvenile furniture. Shown is Venture, Bridgeton, Mo. *(DSN photo)*



TINACTIN® GIVES YOU MORE SHELF PROFITS PER FOOT

So, it only makes sense to add on another facing of Tinactin, America's top-selling Athlete's Foot remedy.

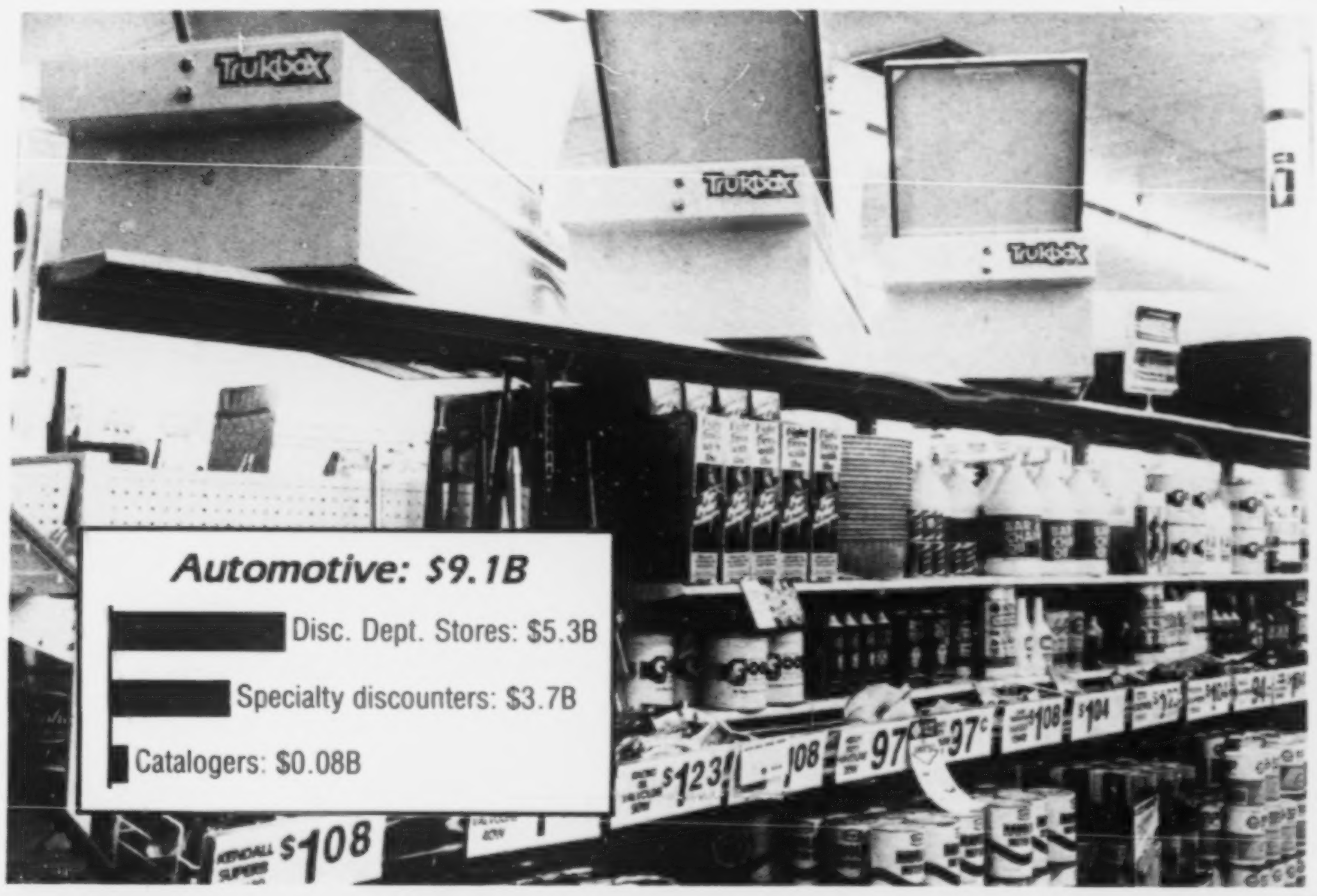
Tinactin gives you the high return on shelf footage you need to deliver healthy profits. In fact, compared to the next best-selling brand, Tinactin cream brings a 16% higher return for sales per point of distribution. And, there's more...

The whole Tinactin line grew by leaps and bounds in 1983. Tinactin grew an amazing 31%, in a category that grew 19%. And, Tinactin Aerosol Powder soared 46% in sales over 1982.

Adding more space for Tinactin today would be a giant step toward increased profits, tomorrow. Syndicated data on file

KILLS ATHLETE'S FOOT and JOCK ITCH FUNGI
Relieves burning and itching
Proven effective in clinical tests
Non-irritating, odorless, greaseless
Tinactin.
brand of tolnaftate cream 1%
ANTIFUNGAL CREAM
Tinactin
Antifungal Powder
AEROSOL
Kills
JOCK ITCH and
ATHLETE'S FOOT
Fungi

Schering © 1984 SCHERING CORPORATION 2070-2849



Discount Dept. Stores Rework Automotive

Nationwide DSN Report

Discount department store retailers, faced with mounting competitive heat in automotive from specialty chains—along with newer entrants such as drug stores, supermarkets and home centers—are fighting back with merchandising programs designed to reduce customer confusion.

Most of these efforts, visible at chains such as Caldor, Zayre, T.G. & Y. and Murphy's Mart—are designed to make car care shopping easier. The companies are seeking to serve more female customers, as well as males who are unfamiliar with automotive products.

At the same time, some chains are beginning to move into merchandise assortments aimed specifically at owners of small trucks.

To combat the mounting competition industry merchandisers are renovating their departments with more modular displays than they used in the past, creating departments with upgraded, new looks.

At Caldor and Bradlees, for instance, traditional merchandising patterns that previously had goods from several vendors interspersed have been replaced by long modular runs, with goods from each supplier displayed separately.

The strategy at T.G. & Y. has been to cut back on sku's, particularly in the cleaning and polishing categories. While part of an overall chain strategy to trim assortments, the reduction in these car care items also reflects the company's efforts to ease growing consumer confusion.

The chain eliminated some 31 sku's in the car cleaning and waxing area during the first quarter of the year, leaving 20 on the shelf. Close inventory tracking revealed the 12 top-selling waxes were traditional basics. Only one of them was a new product.

Apart from reworking its assortments, the Oklahoma City-based retailer has also revamped its adjacencies in the department.

At other chains, the more fashion-oriented goods—such as floor mats, seat and wheel covers, are being heavily promoted to sharpen their competitive images with consumers.

One prominent example is seat covers. At Caldor, for example, all seat covers are placed on sale at 20% off every six to eight weeks, followed by a promotion of one item from the assortment a few weeks later. Regular prices from tweeds to synthetic sheepskins range from $14.99 to $32.99. Sale prices run from $11.99 to $26.39.

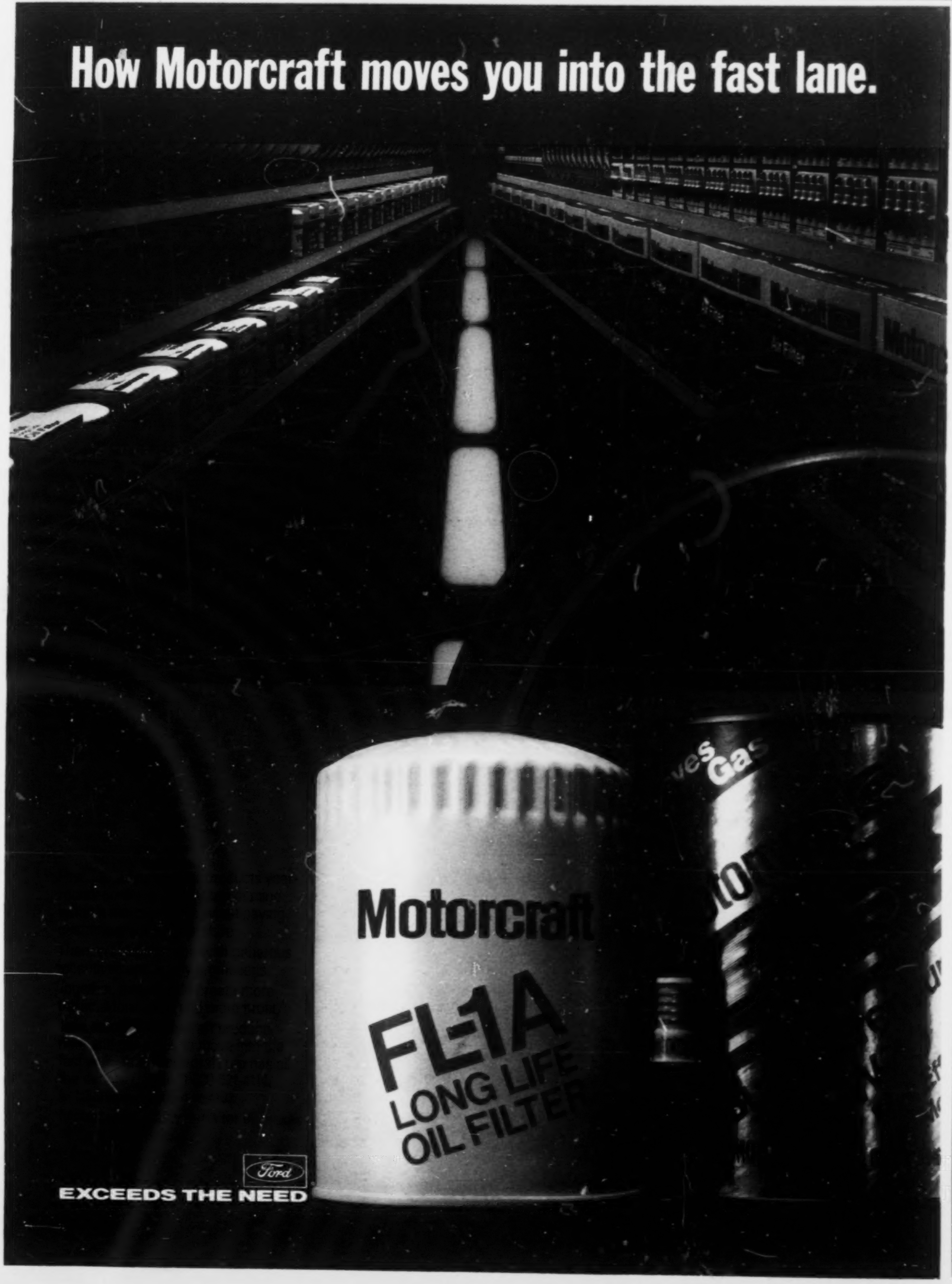
On a recent ad Bradlees promoted its simulated sheepskin seat covers for $7.99, including a $2 manufacturer's mail-in rebate. In the same ad it also promoted its "entire stock of automotive floor mats" for 25% off. Goods regularly priced from $2.49 to $29.99 were on sale for $1.87 to $22.49.

Similarly, Zayre recently advertised its velour seat covers for $16.88, a $5.11 savings, according to the ad copy.

While these trendier dress-up goods are expected to perform well throughout 1985, discounters can expect the bulk of car care sales to continue to come from the basics—waxes, chemicals and polishes.

Discount Department Store Productivity

Sales	$5.3B
Sales per Store	$649,000
Dept. Size	2,300 Sq. Ft.
Sales/Sq. Ft.	$282.17
Turns	2.7
Initial Markup	34.1%
Gross Margin	26.9%



Home Security Gains; Female Patron Hardware Target

Nationwide DSN Report

Discounters are beefing up their merchandise selections and promotional plans for home security equipment in an effort to take advantage of growing consumer awareness of the category.

Overall, many discounters are making a concerted effort to expand the marketing base for their hardware departments by trying to lure more female shoppers into the traditionally male-dominated section. In many cases, merchants are paying more attention to home decorative items, along with an increased commitment to name brand merchandise to appeal to female consumers.

While hardware remains the proverbial nuts and bolts business, increasing consumer consciousness of home security is expected to lock up higher sales for the coming fall season and beyond. Richway, for example, is taking a major position in the merchandise "to build security as a category of the future," said a chain spokesman.

Measures already taken by Richway include expansion of shelf space for locks from 4 ft. to 8 ft in key volume stores to introduce a new import program in entrance and deadbolt locks priced between $9.99 and $12.99. The chain has also increased the advertising space allotted to locks to gain more visibility in the business. By moving some classifications, the chain has created a 48-ft. home security area.

Other security categories such as outside lights and smoke detectors are also being highlighted. Buyers at the National Home Center Show predicted that promotional packages that include deadbolt lock, smoke alarm and home fire extinguisher should be popular this fall. Some of the push toward such items is coming not only from the merchants, but also from insurance firms, who are offering various policy discounts for installation of the items.

Lights have been cited by some buyers as having the potential for solid increases for the fall. A key factor in that category is an increasing number of mercury vapor and quartz outdoor lights that are being packaged for the mass market.

However, the home security expansion can have its pitfalls, as vendors who are unfamiliar with the mass market move in. Richway, for example, has had to postpone a test of an over-$200 burglar alarm system because of delivery problems.

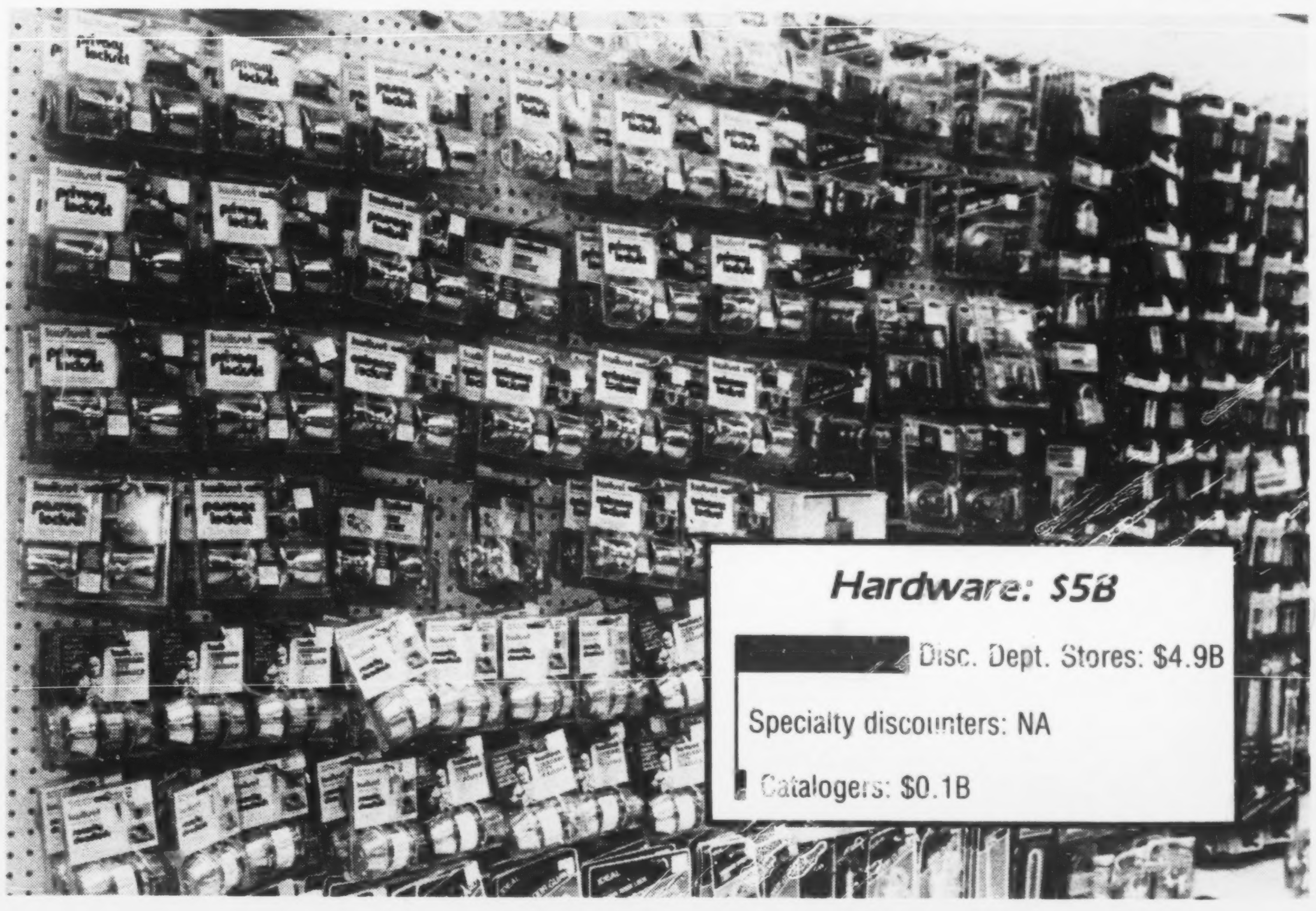
One of the most active chains in trying to bring home decorating items into the department is K mart, which has established more than 200 Home Care Centers, and plans to open approximately 100 more such units in its stores each year.

Items such as wallpaper, bathroom fixturing and closet accessories have been brought into the departments, which open earlier than the rest of the store on weekends and have staffed service desks. That operation, and other discounters' efforts in the field have been inspired by increasing competition from home center chains for the DIY consumer.

The competition for the female consumer has also had some chains bulking up their departments with more and more branded items, which executives feel offer a security blanket to mass merchandise shoppers. Concurrently, some chains, such as Danner's, have dropped larger open stock items such as lumber and some plumbing products from their departments.

One chain that is bucking the trend toward trying to attract more women is Philadelphia-based Clover, which recently ran a steady ad blitz designed to cement its standing in basic categories such as tools, electrical goods, plumbing equipment and nails and screws. The chain felt that women shoppers were already coming to the store, but that males needed to be convinced that Clover has the depth in hardware they seek.

For the most part, discounters are keeping their sku counts stable, but are redirecting the emphasis within those parameters. Heck's, for example, plans to weed out product duplication as part of a modularization of the hardware departments, and will substitute a beefed-up home security category with the freed up purchasing opportunity.



Discount Department Store Productivity

Sales	$4.9B
Sales per Store	$600,000
Dept. Size	3,210 Sq. Ft.
Sales/Sq. Ft.	$186.91
Turns	2.4
Initial Markup	40.2%
Gross Margin	31.9%

Sundries, Power Applicators Make Paint Dept. Splash

Nationwide DSN Report

Sundries and power applicators have become the most exciting elements of most discounters' paint departments.

Indeed, while some discounters have tried to improve paint profit pictures through private label or special early-buy programs from national suppliers, paint, the mainstay of this colorful department, remains its own poorest profit performer.

Some retailers have reported single-digit margins in paint, which has become little more than a space-intensive loss leader for many chains. On the healthier side stand sundry margins—averaging 50%—and the relatively new power rollers and sprayers where retailers are maintaining 30% margins, on average.

Over the last 20-odd months retailers have reported terrific sales from the many power paint rollers and sprayers on the market. Already, the competition is hot, with a growing roster of manufacturers on the scene and prices and margins coming down.

For example, in a recent ad, Braintree, Mass.-based Bradlees promoted Campbell Hausfeld's "Paint Pal" system for $79.99. It is regularly priced at $89.99 and features a $10 manufacturer rebate. Similarly, Worthington, Ohio-based Gold Circle promoted its Wagner 200 power painter for $79.99, also with a $10 manufacturer rebate.

The future of this category is virtually an open canvas, since the market of some 80 million American households has barely been scraped. Power roller sales, however, are expected to exceed those of the sprayers because most consumers prefer to roll on paint, observed one retailer.

Figures Analyzed

Otherwise, paint department sales are expected to remain fairly stable for the rest of the year. Industry estimates project some $1.8 billion in sales for 1985, a figure consistent with last year.

Another relatively exciting segment of the paint business has become the sundries area—the brightest area, by far, in profitability. Margins frequently hover at 50%, and can fly as high as 65%.

In fact, sundries are largely responsible for the fairly high gross margin figure—35%—paint departments draw industrywide.

Sundries—including drop cloths, brushes, rollers, scrapers, caulks, adhesive tapes and the like—are undergoing some rejuvenation at the manufacturers' end. While they have frequently been self-selling just by virtue of being placed on a shelf, vendors eager to gain market share are now remerchandising many of these products.

Paint, however, remains almost strictly a promotion device for many discount store chains. In one recent ad, for instance, Target and Zayre promoted gallon cans of flat latex wall paint for $7.88 and $8.88, respectively. Target's ad reflected an everyday low priced private label paint, while Zayre's was a Lucite product regularly priced at $13.49.

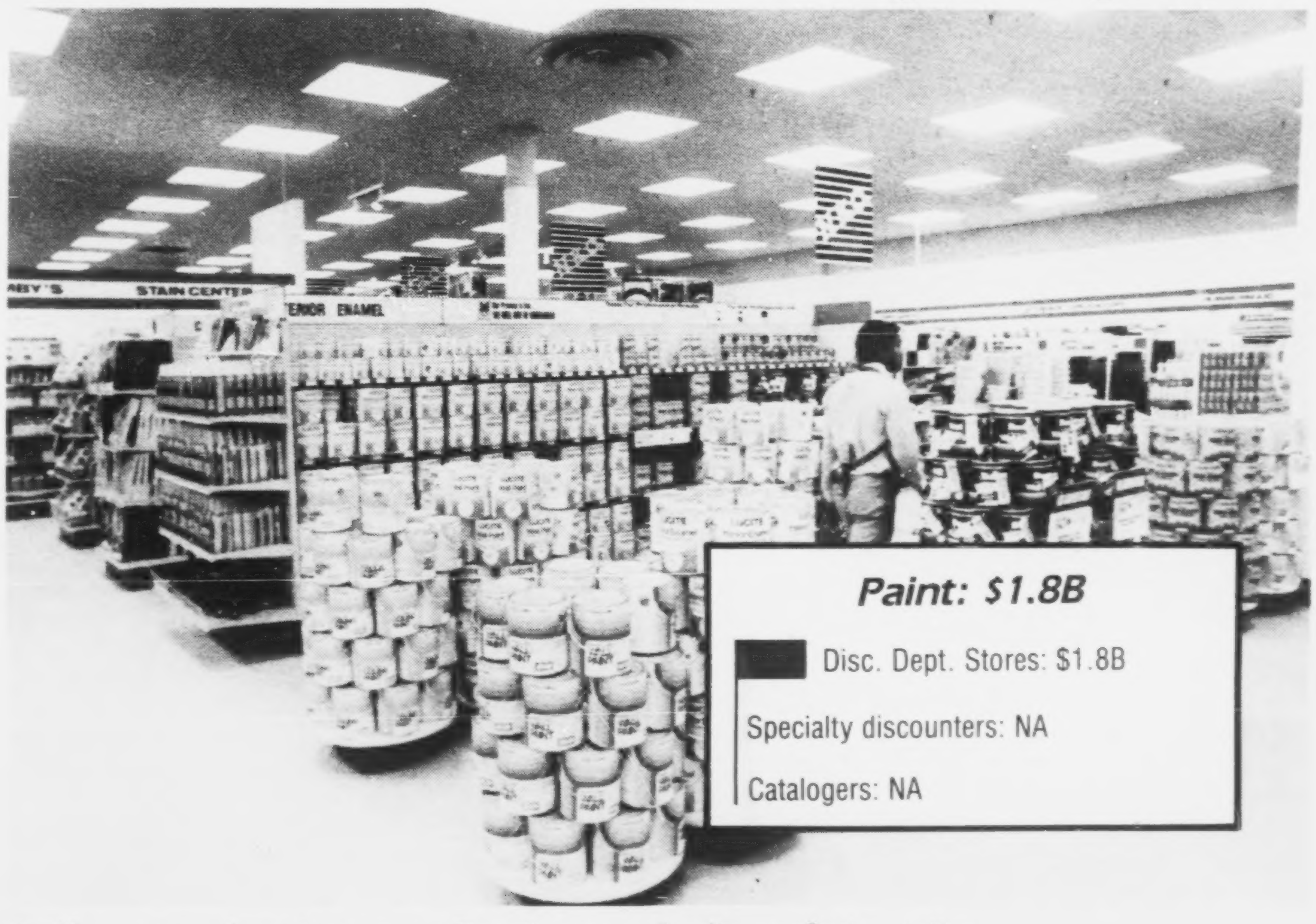
Meantime, several smaller discount chains have decided to expand their paint offerings in efforts to offer broader, more competitive programs.

Howard Brothers, the Louisiana-based company, decided to add a national brand program to its private label line-up in 1985 for the first time.

In the past discounters have complained branded programs did not afford them ample margins. However, it appears suppliers are growing more amenable to create programs with more profit potential for the retailer.

Fishers Big Wheel, for instance, is currently buying 70% of its Glidden paint through an annual early buy-in program for special volume purchases, allowing the New Castle, Pa.-based operation overall 33% paint margins. Glidden paint sells there for an everyday $14.99, and is promoted at $7.99 to $9.99.

ALCO, the Kansas-based discounter, on the other hand, recently added its first private label program in a 10-store, one-year test program. The buyer there expects the line to reap 30% margins.



Discount Department Store Productivity

Sales	$1.8B
Sales per Store	$221,000
Dept. Size	1,200 Sq. Ft.
Sales/Sq. Ft.	$184.17
Turns	2.9
Initial Markup	44.2%
Gross Margin	35.5%

Upscale Trend in Housewares Grows More Selective

Nationwide DSN Report

Housewares got off to a slow start in 1985, when retailers turned extremely promotional to work down excessive inventories left over from a largely disappointing Christmas quarter.

Discounters and catalogers began seeing increased consumer selectivity about the merchandise they'd trade up for—freezing in their tracks most chains attempting to significantly upscale their assortments. In tabletop, for instance, K mart, T.G. & Y. and Gee Bee are stressing stoneware, ironstone and china sets at everyday retails under $40 to cater to the prevailing utilitarian mood among shoppers. In mid-1984, T.G. & Y. began to direct-import 20-pc. sets at $19.99 to $39.99, below its existing retails of $24.99 to $49.99 on stoneware and more than $49.99 on china.

Reflecting the price plunge in some markets, one of Gee Bee's strongest promotions has been direct-imported 16-pc. ironstone sets at $8.88, meeting the needs of its shoppers who suffer 17% unemployment.

The strongest nonelectric housewares categories this year further reflect a back-to-basics stance at discounters, catalogers and specialty housewares merchants

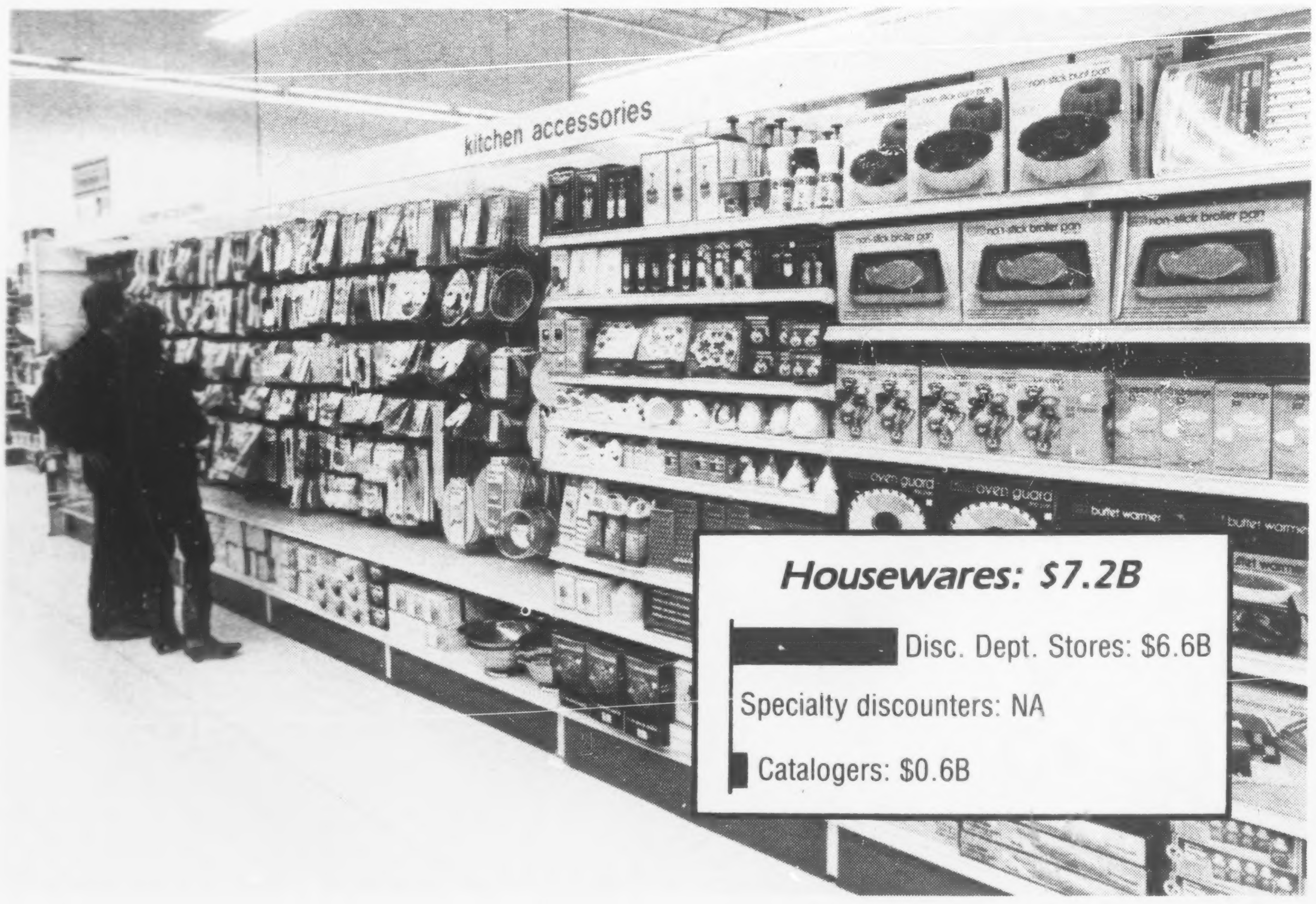
Department growth leaders will include microwave cookware, closet accessories, knockdown (KD) furniture and food storage containers, said buyers. They'll drive discounter housewares sales up slightly for the year.

Sales-per-square-foot productivity is also projected to rise on the strength of better presentations, selected higher ticket item movement and overall increased advertising of the department.

Stable prices and an improved supply picture—particularly among the most popular items—will also help housewares performance. Buyers said they've encountered few cost increases topping 5% in 1985.

Suppliers have been offering more frequent trade specials on better quality products this year, particularly from major vendors such as Corning, Rubbermaid and Anchor Hocking, buyers said. Buyers reasoned that manufacturers felt pressed by low-cost imports which chains are using more to improve margins in the current promotional environment.

Housewares imports could account for as much as 10% of discounter assortments by 1986, roughly double the 1984 level, trade sources estimated.



Discounters are concentrating direct-import efforts in decorative porcelain enamel-on-steel cookware, glassware sets, stoneware and ironstone dinnerware, woodenware, colored-handle flatware and teakettles.

Microwave cookware growth is hitched to the current national surge of microwave ovens across the country. Yet buyers sense a leveling of the category's 25% growth curve because they aren't confident the ovens will continue their hot streak past next year.

Buyers contend too much product in the marketplace may outstrip demand of a consumer franchise that's yet to materialize fully. "Manufacturers are overworking the category, vying for sales that just may not be there," a Gemco buyer said. "As consumers become more sophisticated, it limits the category by challenging manufacturers to produce products that have tangible benefits."

A K mart buyer cautioned similarly: "There's a proliferation of new items by so many vendors. There are just so many vessels you can use for cooking."

To defend aginst overstocking, discounters have begun to display multipurpose Corning dishes near microwave assortments, a tactic they said also ties well with consumer space constraints in small living quarters.

Discounter attention to microwave cookware has benefited food storage, which is often merchandised nearby within stable or enlarged plastics display areas.

Long considered stagnant, Rubbermaid Servin' Savers brought new life to the category in 1984 with increased advertising, more colorful packaging and product innovation.

Discount Department Store Productivity

Sales	$6.6B
Sales per Store	$809,000
Dept. Size	5,760 Sq. Ft.
Sales/Sq. Ft.	$140.45
Turns	3.0
Initial Markup	41.0%
Gross Margin	31.3%

New Item Technology, Design Alter Face of Electrics

Nationwide DSN Report

New product technology and design are changing the face of electric housewares.

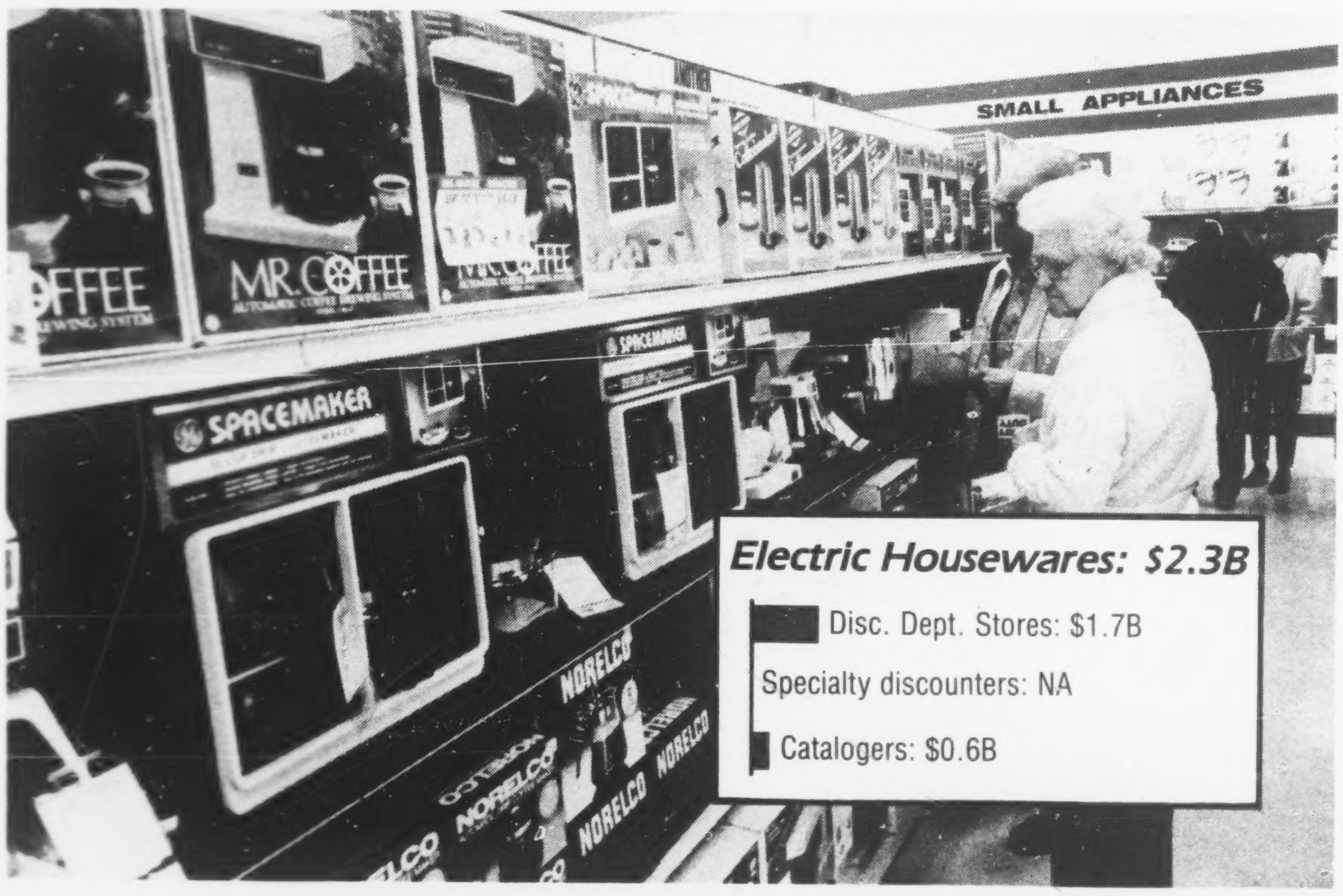
Cordless kitchen appliances, downsized food processors and lower price points on programmable microwaves are among positive trends discounters expect to boost department traffic and productivity in 1985 and 1986.

They follow quickly on the heels of under-the-cabinet kitchen electrics, electronic irons and a spate of cordless hand-held vacuums which marked the resurgence of electrics in 1984. Electrics had taken a back seat to fashion housewares categories during the early 80's, but are roaring back as major department attractions and profit-builders this year.

As a result, electric housewares margins have risen more than two points during the past year to 23.7%, though that's still low compared to the rest of the store. The uptrend reflects not only the appeal of the latest gadgetry, but consumer willingness to trade up to higher-ticket items offering greater convenience than traditional countertop models. This uptrend contrasts with discounters' and catalogers' paring back elsewhere in housewares.

Nowhere is this upgrading trend more apparent than in microwaves, which until last year had been largely a West Coast phenomenon. Category expansion is rampant this year among eastern and midwestern discounters attempting to capture the growing market.

Merchants anticipate an extreme two-pronged market, in which discount department stores emphasize promotions of compact ovens in the $150-$200 range and catalogers test full-size, feature-laden, programmable models retailing as high as $650 everyday.


SMALL APPLIANCES
COFFEE
MR. COFFEE
SPACEMAKER
NORELCO
Electric Housewares: $2.3B
Disc. Dept. Stores: $1.7B
Specialty discounters: NA
Catalogers: $0.6B

Price Drop

Advertised prices could drop to the $100 level by year's end, if Asian imports gain consumer acceptance, buyers said.

Meantime, to cater to small households and be able to reach luring price points, many discounters are emphasizing compact ovens, with less than 1 cubic foot capacity, and small subcompacts, in their assortments. Small sizes are expected to grow to 25% of the national market by year's end.

Contributing to the growth of higher-end microwaves is the fact that people who've owned microwave ovens for several years are trading up to newer electronic programmable models in the $250-and-up range, according to catalogers.

For instance, Edison, a Texas chain, is doubling microwave sku's to six in its 1985-86 catalog to better compete with the broader varieties at appliance stores.

On an even larger scale, S. E. Nichols expanded from three sku's to 10 this past Christmas season, using 16-ft. formerly devoted to refrigerators, washers and dryers. Its prototype stores sell 12 sku's ranging from a Sanyo compact at $150 to Sharp and Amana programmable models at $399. The chain said its business is split evenly between the high and low end.

Cordless mixers, knives and can openers have yet to make full impact because shipments are first appearing. However, buyers are convinced they'll move well—even at 20% higher price points than corded models—once shoppers recognize the improved battery technology and performance over earlier cordless offerings.

Under-cabinet appliances, which buyers said became overproliferated by mid-1984, still continue to perform strongly at discounters who've given the classification an identity.

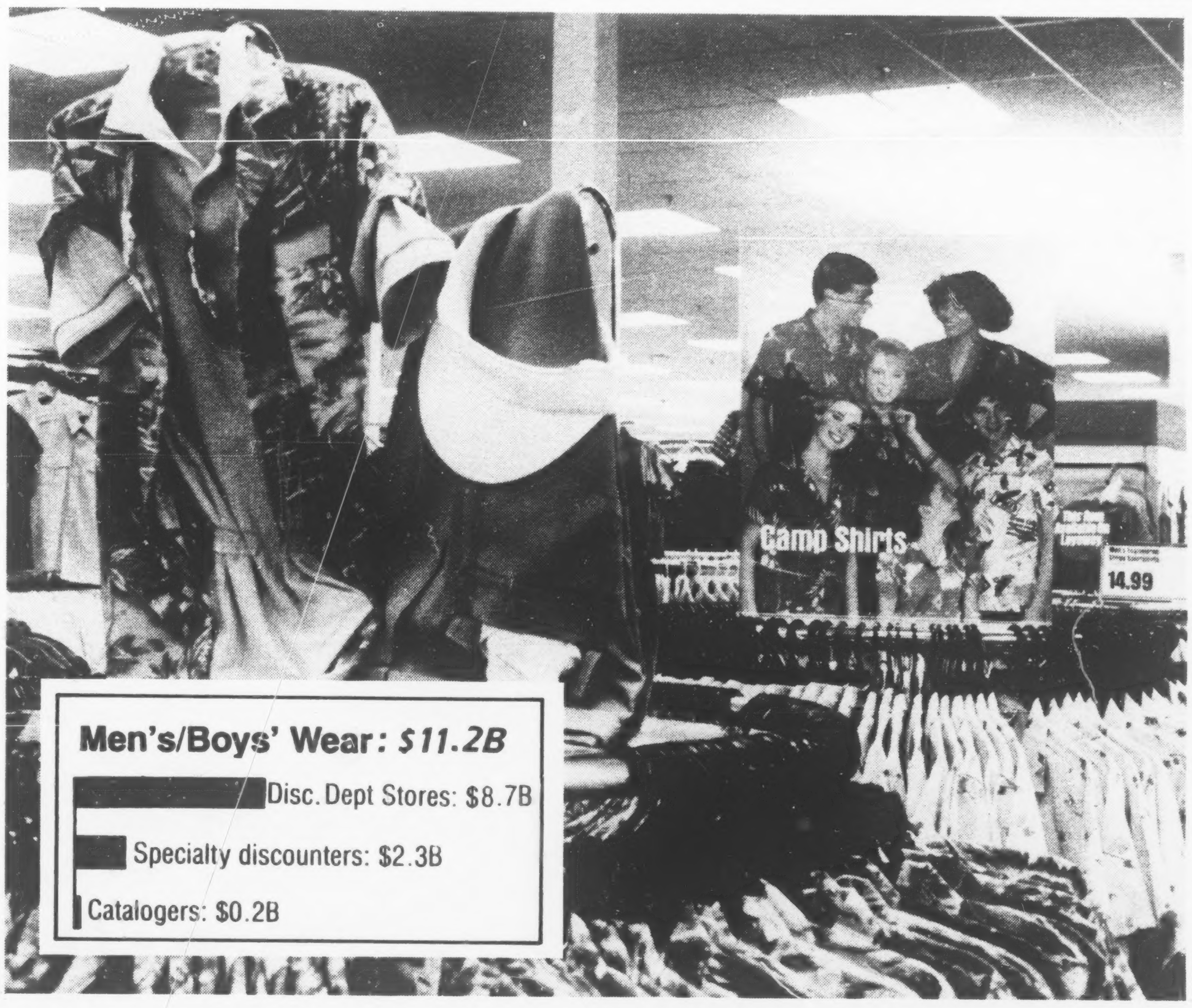
Heck's, for instance, even in its economically depressed markets, nearly doubled its annual rate of kitchen electrics sales gains to nearly 14% in 1984's final quarter, when the discounter gave under-cabinet appliances their own permanent 10-12-ft. display area in small electrics and expanded sku's from two to seven.

Heck's now stocks four space-saving coffeemakers, at $34.76 to $64.96 everyday, producing 25%-26% margins compared with 11% for traditional traffic countertop models.

Discount Department Store Productivity

Sales	$1.7B
Sales per Store	$208,000
Dept. Size	855 Sq. Ft.
Sales/Sq. Ft.	$243.27
Turns	3.1
Initial Markup	34%
Gross Margin	23.7%

Men's to Get Less Trendy, Boys' More



DSN Nationwide Report

Discount chain men's wear buyers are retrenching after being burned last year with too-trendy interpretations of young men's fashion.

In boys' wear, this year's approach is just the opposite because fashion trends have gained in importance in sizes 8 to 18.

By stocking more basic and tailored styles in men's wear and infusing more fashion into older boys' size clothing, discount department stores should push category volume up by 5.7% this year, *DSN* estimates. Industry men's and boys' wear sales are projected to hit $8.7 billion this year, up from $8.2 billion last year, *DSN* research revealed.

In men's, the formula for achieving those gains calls for investing in basic merchandise such as five-pocket jeans in stonewashed as well as traditional denim fabrications, according to most buyers. At the same time, buyers are taking a more promotional position and buying closer to season to keep dollars free for opportunistic buys.

Both increased promotions and buying closer are strategies prompted by last year's fall/winter season when higher-price-point young men's styles touted earlier in the year failed to meet expectations.

A third prerequisite for chalking up sales gains at discount department stores is a reinterpretation of young men's styles for the mass market. For many chains, Venture included, that means re-establishing limits on price points. Last year the infusion of styling pushed prices up to new highs and chains then suffered markdowns.

This year, merchandisers are thinking of a contemporary man and going with a less severe presentation for that consumer. For fall a strong men's item like sweaters can be featured with padded shoulders, geometric designs, in shaker knits and in oversized silhouettes as part of the young men's assortment. In addition, basic jeans, fleece wear, woven or knit shirts with thermal treatment and quilted styling on woven and fleece tops were all mentioned by buyers as the way to go this year.

To further update young men's styles, chain merchandisers are investing in contemporary versions of dress-up looks that were also growth areas last year. Tailored pleated slacks and unstructured longer jackets were made popular by the *Miami Vice* television series. The Angels Flight licensed program is now positioned to fill that niche of tailored young men's styles in discount department stores.

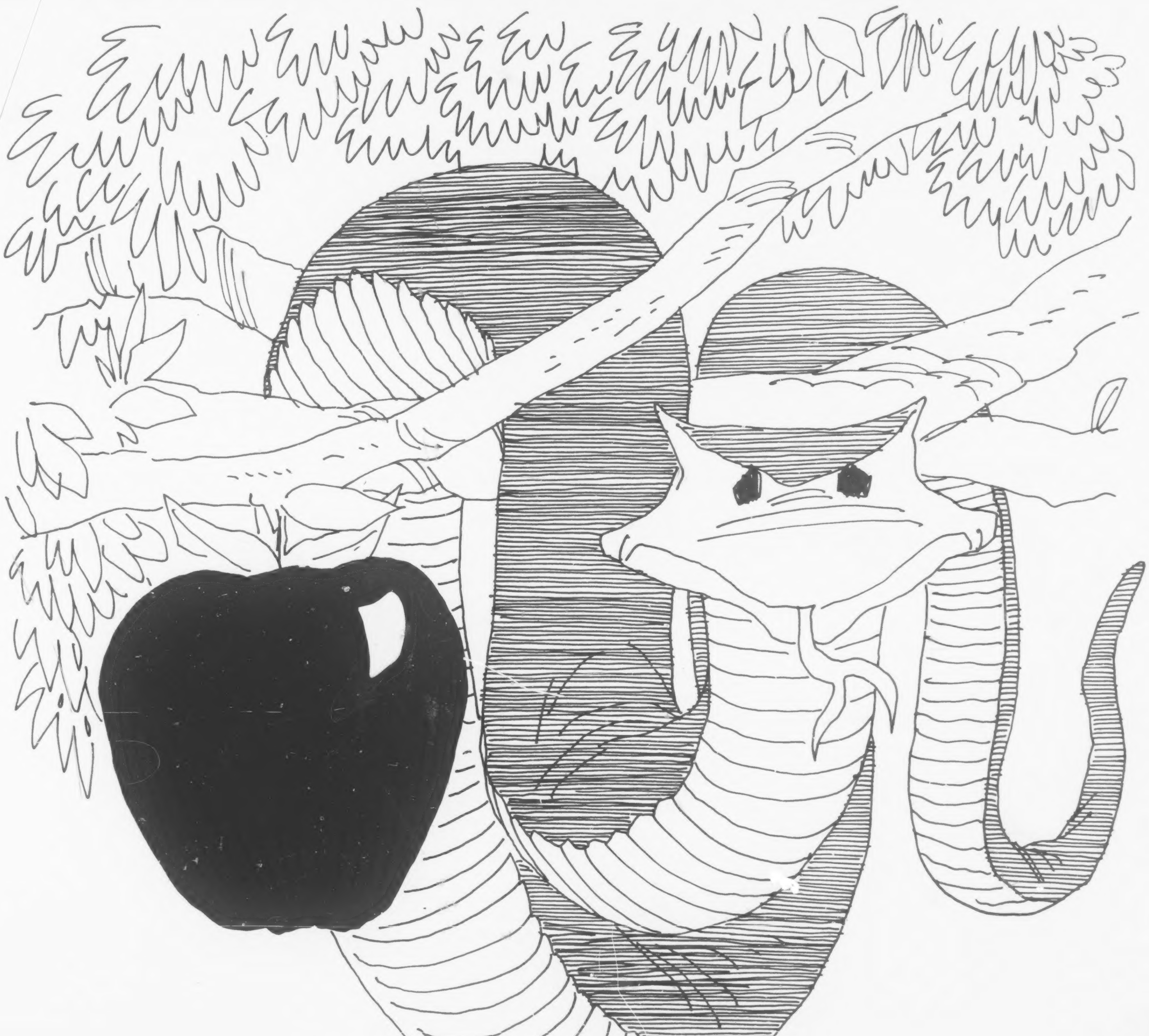
In boys' wear, discount department stores are adding bright color and more of the rock 'n' roll versions of styling because those trends pumped up sales last year.

More faster turning fashion items in boys' and more tailored looks in men's are expected to push annual sales per square foot up about 5% to $138.25 from $131.50, according to *DSN* estimates. Initial markup is on the rise to 44.6% this year compared to 34.6% last year. But gross margins are once again declining with 34.6% projected for the 1985 norm compared with 36% a year ago.

Off-price apparel stores should register a 9.5% increase in men's and boys' wear volume for this year. *DSN* predicts business done by off-pricers will hit $2.3 billion this year compared with $2.1 last year.

Discount Department Store Productivity

Sales	$8.7B
Sales per Store	$1,066
Dept. Size	7,710 Sq. Ft.
Sales/Sq. Ft.	$138.26
Turns	3.5
Initial Markup	43.9%
Gross Margin	34.6%



Having a devil of a time with supply and delivery?

There's no good reason why you should be.

Not when you can count on the *one* source that's built its business on the kind of customer service that just can't be matched. By anyone.

We'd like to be the
apple of *your* eye, too.

*Ever since clothes started working,
our name has been on the pick of the crop.
Almost from the beginning.*

HARD WORKIN' CLOTHES.™

P.O. Box 100841, Nashville, TN 37210 1-800-251-4089
In Tenn., 1-800-342-8001

NEW!
PERFECT COVER™
Anti-Puddling Oscillators

Perfect Cover's new cycling mechanism eliminates the conventional oscillator pause at the end of each spraying stroke. Instead Perfect Cover keeps moving. This eliminates water accumulation at the edges of the spray pattern...and gives the lawn more even water coverage.

Puddling.

*Anti-Puddling.

7901 Oscillator
Up to 3,200 sq. ft.

7501 Oscillator
Up to 2,880 sq. ft.

6801 Oscillator
Up to 2,550 sq. ft.

Gilmour®
A SUBSIDIARY OF
VERMONT AMERICAN CORPORATION

GO ALL OUT
with our better patio furniture
Choose from our wide selection of quality patio furniture at Bradlees great value prices

Bradlees, Watertown, Mass., displayed five-piece patio furniture in fashion colors pastel peach, plum, gray, vanilla, at retails nearing $500. Carpeting and fencing create a backyard setting. *(DSN photo)*

Lawn & Garden Volume Seen Gaining From Varied Trade-ups

Nationwide DSN Report

Discount department stores are looking to ongoing consumer trade-ups to fuel solid increases in lawn and garden equipment.

Best success is expected in patio furniture, gas grills, lawn mowers and string trimmers.

However, they see less success with electric bug killers, a category that has no dominant national brand and, they say, is often misunderstood by consumers.

Following up to 25% category sales gains in patio furniture in spring 1984, buyers launched aggressive programs for the category this year. From last year's results, buyers expected sales activity to be concentrated in the $200 to $350 range, with the addition of heavy-duty PVC pipe garnering extra attention.

For 1985, buyers laid out plans to show expanded assortments of PVC pipe, aluminum and metal "wrought-iron-look" sets that could raise ceiling prices to $400. Ames, for one, raised price points with PVC and Textilene sets to retail daily up to $399.

In color, buyers were adding pastel peach, plum and gray to last year's popular bold whites, yellows and greens.

Additional steps to promote the category include delaying end-of-season markdowns and providing more display footage.

Rising Trend

Gas grill sales were expected to soar 20% to 35% this year, following an equally strong 1984 season, with the bulk of the mix being offered in the $100 to $150 range.

Buyers pointed out although they experimented with gas models ranging from $88 to $300, shoppers most favored the middle price-units featuring carts, redwood trays, dual burners, porcelainized grids, up-front controls and spark ignitors.

More expensive units featuring temperature gauges, windows and massive cooking grids were cut back because of less consistent demand. However, the under-$100 models remained a stable part of the mix because they were often the first choice of shoppers stepping up from charcoal models.

Buyers explain consumers are now leaning toward gas grills as a result of rising charcoal grill prices, which approach the bottom price of low-end gas grills, as well as rising charcoal briquet prices. Also, shoppers are now opting for gas grills' greater convenience, faster operation and "status" features.

Buyers are also now considering capitalizing on the gas grill boom by adding replacement parts to their mix.

Despite the growing interest in trade-up gas grills, discounters are also seeing added sales in water smokers, used with charcoal grills, which have already performed well in Southern markets, particularly Texas.

Trade-up purchases have also sparked new life in lawn mowers and string trimmers, with lawn and garden buyers remixing power equipment assortments, concentrating more heavily on higher-priced mowers and trimmers with more features and longer lifespans.

Sales of promotional mowers in the $100 price area continue to contribute heavily to category sales, but buyers note strong consumer acceptance of big-ticket equipment like riding, self-propelled and rear-bagger mowers.

More rural chains like Danners and Gee Bee can sell riding and tractor mowers priced from $800 to almost $2,000, but others such as Gold Circle are finding they can add rear-bag gear driven models to sell at retails approaching or just over $300.

Despite the increase in trade-up purchases, buyers do face limitations. Richway, according to one executive, does not carry riding mowers because home centers are already "busting the price" on these units; they require too much floor space, and they can't fit into customers' cars, said one buyer.

In string trimmers, discounters say the magic price point for a gas-powered unit is about $100, and roughly half that for electric models. One K mart buyer pointed out that as prices for gas trimmers have fallen, the units have become more popular for the convenience and freedom of movement they offer over electric models.

Discounters report consumers are trading up in lawn mowers, with some chains in rural locations noting good sales in higher-priced riding models. T.G. & Y., Oklahoma City, featured one for $969. *(DSN photo)*

Home Health Items Hypo Personal Care

Nationwide DSN Report

Increased popularity of home health care items is giving personal care performance a big boost.

The nation's preoccupation with fitness, a growing desire for greater control over one's health, and escalating medical care costs, are social trends combining to spawn a burgeoning industry of home health care devices.

Blood pressure meters, digital thermometers, massagers and electronic scales with memory are getting better play at discounters and catalogers, who've recently begun experimenting with several ways to display health care products: cross-merchandised within health & beauty aids; in expanded personal care sections near appliances; near pharmacies, where pharmacists can explain their proper use, and with home fitness equipment in sporting goods.

Going further, Heck's and Pamida have been among chains considering high-identity service health care sections in their stores, either by jewelry or H&BA.

Manufacturers and retailers noted several positive trends underlying these in-store efforts:

—Digital thermometer prices are dropping 30% from a year ago, to everyday retails under $10, because of improved technology, better factory automation and production efficiencies. Lower prices are expected to spark more than 300% unit growth in 1985.

—Blood pressure kit prices are falling 30%-40% because of greater competition among manufacturers. Unit movement is expected to grow nearly 50% this year.

—Better product design, features and packaging make health care items easier to use and more self-sell, enlarging the market.

While health care's positive impact on margins may last only until discounter competition intensifies, merchants do see much of their early sales activity in the higher-end, better-featured products such as $60-and-up blood pressure meters with LED readouts and printers.

They attribute that to consumer willingness to spend more on products that are health-related, and to their gift appeal.

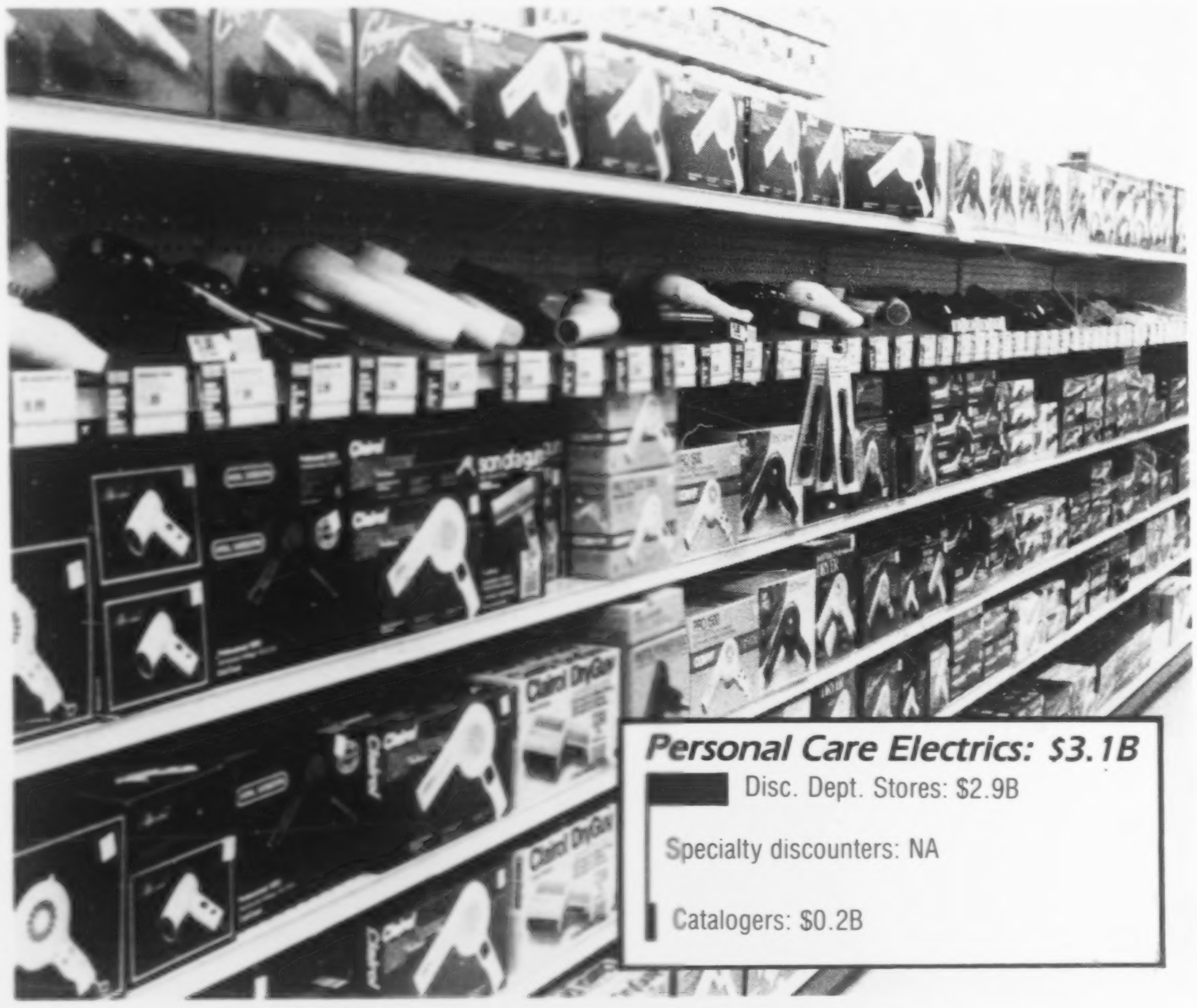
"A person under doctor's orders to monitor blood pressure won't skimp on a monitor. The psychology is that there's too much at stake," said the president of one manufacturing firm.

Meanwhile, the core business of personal care—hair dryers, curling irons and styling brushes—remains at a promotional fever pace. Unprecedented double rebate offers by manufacturers that reached the market in 1984 enabled some discounters to advertise merchandise at zero cost to the consumer.

"That may bring traffic," conceded a merchandiser from Venture, "but it loses credibility for the entire category."

Loss of credibility has been an issue in personal care for years; it's just intensified with heightened promotions. With net prices to consumers getting lower and lower on many personal care products, the category's turned into a throwaway business, where shoppers consider products to be disposable.

That's led manufacturers to package part of their hair care appliance offerings as disposables in peggable blister packs, and discounters to merchandise them as such.


Personal Care Electrics: $3.1B
Disc. Dept. Stores: $2.9B
Specialty discounters: NA
Catalogers: $0.2B

Discount Department Store Productivity

Sales	$2.9B
Sales per Store	$355,000
Dept. Size	800 Sq. Ft.
Sales/Sq. Ft.	$443.75
Turns	3.0
Initial Markup	29.7%
Gross Margin	20.1%

Introducing the fastest, most automated, most innovative lens-shutter cameras in the world!

From Olympus, naturally! You come to expect uniqueness from the people who changed the shape of 35mm photography. From the first compact single lens reflex system to the first 'dust barrier' pocket 35's. And the first lithium battery powered 35mm! So what have we done lately?

How about the **QUICK SHOOTER** with its user-interchangeable lithium battery pack that has as much as five or more years of battery life for flash and all functions. And an astounding 1.5 second rechargeable flash, shot after shot, year after year! Add to that its total automation: auto film speed setting with DX encoded films, auto loading, auto advance to first frame, auto focusing, auto exposure, auto winding and even auto rewinding. In fact, auto-everything!

There are two great additions to the remarkable XA Series, alongside the top-of-line **XA** model with its professional sophistication, full exposure control and rangefinder focusing. The new **XA3** with focus-free point and shoot system, simplified auto-loading, auto film speed setting for DX encoded films, 2 sec. to 1/750 sec. programmed shutter, backlight compensation and more. And the new **XA4 MACRO**, sharing all the XA3 features plus a true 28mm wide angle Olympus lens and macro focusing down to 1 foot! Everything about this camera is unique. Even its wrist strap focus measuring aid.

Those are some of the goodies from Olympus that are capturing the imagination of all levels of photographic enthusiasts. Among lens-shutter models, they are the fastest and easiest operating, and selling, 35's. For details or demonstration contact your Olympus Sales Representative: toll free 24 hours a day, 800-631-7777 (in New Jersey 800-522-4159.) *But only if you're ready for some real action!*

Olympus Corporation
Consumer Products Group
Crossways Park
Woodbury, NY 11797.

OLYMPUS

Quick Shooter

OLYMPUS
DX
OLYMPUS ZUIKO 35mm 1:3.5
AUTO FOCUS

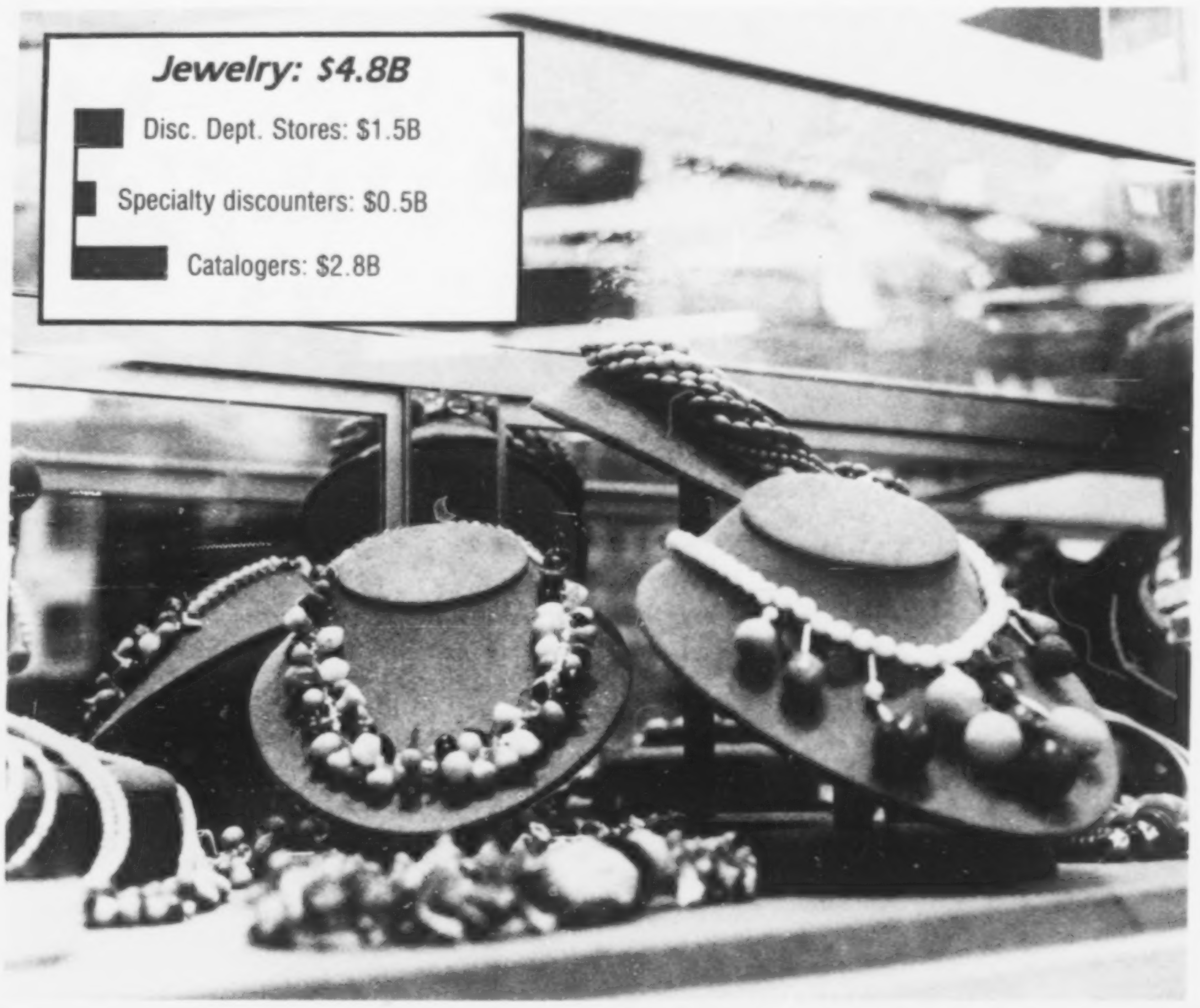
XA3

OLYMPUS
A1L
DX

XA4 MACRO

OLYMPUS
A16
DX

XA



Outlook For Jewelry Is Brighter Than Ever

Nationwide DSN Report

The outlook in jewelry is brighter than ever, in terms both of volume and fashion.

Retailers have rock-star Madonna and the Swatch craze to thank for keeping fashion jewelry and watches in high demand going into this fall and the spring of 1986. Buyers say bracelets and watches in a wide array of colors, huge earrings that dangle and thick chunky chains are all part of the current fashion scene.

Discount department stores that have responded to the fashion influx in the category say sales are on the upswing for the third year in a row. This year Bradlees, Gemco and Gold Circle are among those experimenting with new presentations that focus more attention on their flashier assortments.

Meanwhile, catalog showroom chains, the established sources of finer jewelry, are increasing their assortments of 14-karat gold jewelry because stable prices on those items promise to keep margins healthy. In gold items, heavier pieces offer fashion interest.

As bright colors and fashion influences have pumped up costume (buyers now say "fashion") jewelry, price points have likewise edged up. At Gold Circle the top price point has moved up to $7.99 from about $4 a couple of years ago. Necklaces that used to top out at $8.99 now go up to $12.99.

Big bold necklaces priced over $30 have already showed up at Bradlees and Gemco.

At Gold Circle, however, a test proved the items too pricey for shoppers who buy fashion jewelry as a disposable piece to wear for a limited time.

Heck's is now testing $30 fashion necklaces with a possibility of a back-to-school season rollout.

With costume jewelry registering 20% gains for the past two years, Heck's is looking to add gold merchandise for the first time this year. Buyer Mary Jordan was planning a one-store test in the chain's new Parksburg, Ohio, store, at presstime slated to open on June 30. If successful the program of 172 14-karat gold items will be rolled out chainwide by Sept. 1.

Jordan is looking for turns of 2.5 to three annually on chains priced up to $134 and earrrings tagged at up to $45. That would add about $1.5 million to the chain's volume, she estimates.

Jordan is among those improving displays. Taller self-service spinners are part of the plan to boost annual turns to three from about 2.4 last year.

Gemco is another chain that has been augmenting strong jewelry sales with improved presentation. In its newer stores jewelry was moved out of luggage/consumer electronics to an area of its own adjacent to ladies' accessories and cosmetics. In its very latest prototype, stools were added to enhance the jewelry shop atmosphere.

In Bradlees' newest test store in Framingham, Mass., jewelry was featured in two glass cases instead of the usual one. One case was devoted to costume jewelry with double the assortment carried in other stores. The second case featured finer gold and silver items.

At Gold Circle the newest prototype unveiled last March moved jewelry adjacent to cosmetics and ladies' accessories. At presstime, that presentation wasn't scheduled for the entire chain.

Gold Circle buyer Jamie Bob-

(Continued on page 131)

Discount Department Store Productivity

Sales	$1.5B
Sales per Store	$184,000
Dept. Size	590 Sq. Ft.
Sales/Sq. Ft.	$311.82
Turns	2.1
Initial Markup	49.2%
Gross Margin	38.1%

This announcement is under no circumstances to be construed as an offer to sell or as a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

NEW ISSUE June 21, 1985

2,300,000 Shares

Consolidated
STORES CORPORATION

Common Stock

Price $14.50 Per Share

The American Stock Exchange symbol is CNS

Copies of the Prospectus may be obtained in any State in which this announcement is circulated from only such of the undersigned or other dealers or brokers as may lawfully offer these securities in such State.

Merrill Lynch Capital Markets
Prescott, Ball & Turben, Inc.

Bear, Stearns & Co.
William Blair & Company
Alex. Brown & Sons Incorporated
Dillon, Read & Co. Inc.
Drexel Burnham Lambert Incorporated
Hambrecht & Quist Incorporated
E. F. Hutton & Company Inc.
Kidder, Peabody & Co. Incorporated
Lazard Frères & Co.
Montgomery Securities
PaineWebber Incorporated
Prudential-Bache Securities
Robertson, Colman & Stephens
L. F. Rothschild, Unterberg, Towbin
Smith Barney, Harris Upham & Co. Incorporated
Wertheim & Co., Inc.
Dean Witter Reynolds Inc.
Allen & Company Incorporated
A. G. Edwards & Sons, Inc.
Oppenheimer & Co., Inc.
Thomson McKinnon Securities Inc.
Advest, Inc.
Arnhold and S. Bleichroeder, Inc.
Bacon Stifel Nicolaus Stifel, Nicolaus & Company, Incorporated
Robert W. Baird & Co. Incorporated
Bateman Eichler, Hill Richards Incorporated
Blunt Ellis & Loewi Incorporated
J. C. Bradford & Co. Incorporated
Cable, Howse & Ragen
Cowen & Co.
Dain Bosworth Incorporated
Eppler, Guerin & Turner, Inc.
First of Michigan Corporation
Janney Montgomery Scott Inc.
Ladenburg, Thalmann & Co. Inc.
Cyrus J. Lawrence Incorporated
Legg Mason Wood Walker Incorporated
McDonald & Company Securities, Inc.
Moseley, Hallgarten, Estabrook & Weeden Inc.
Neuberger & Berman
The Ohio Company
Piper, Jaffray & Hopwood
Rotan Mosle Inc. Incorporated
Wheat, First Securities, Inc.

Drug
THE FLEXIBLE AND THE FREE
A FREE GIFT...
H&BA: $5.7B
Disc. Dept. Stores: $5.7B
Specialty discounters: NA
Catalogers: NA

Contact Lens Care, Mousses Spur Sales

DSN Nationwide Report

Sales of health & beauty aids products in discount department stores are expected to reach $5.7 billion this year, $100 million over the year before, the product of a year-long gold mine of new tonnage items and more intense marketing of older ones.

Capitalizing on consumers' continuing interest in experimenting with grooming and appearance enhancing products, buyers say they are concentrating merchandising efforts on growing categories like mousses, contact lens care items, nail care products and cosmetics.

They are also taking advantage of the excitement generated by new packaging of toothpastes in pump containers.

The baby boom has been a blessing to retailers, too, with some discounters projecting up to 15% annual growth.

Seasonal items have also shown strong sales, driven in the cough and cold area by innovative new products and conversion of prescription drugs to over the counter (OTC) status, and in the sun prep area by heightened consumer awareness of the dangers of the sun and retailers' early jump on the season.

Tied to these category successes are chains' more careful attention to tying their promotions to manufacturer advertising blitzs and coupon drops.

Overall, industry sales are expected to reach $5.7 billion this year, up from $5.6 billion a year ago, with initial markup and gross margins inching upward and annual turns remaining flat. Initial markup is projected by *DSN* to move up to 26.6%, up from 26%, and gross margins are expected to rise to 21.9%, from 20.5%. The H&BA department should continue to turn 4.5 times in the year.

Helping the department along is the mousse category, which until recently was dominated by high- and middle-priced offerings. Now, a new crop of low end mousses priced under $2 should help sales of these products in discount stores climb even higher.

The contact lens care business is looking up, too, with trade sources pegging mass merchandisers' share of the retail market for auxiliary eye care products at 20% last year, up from 15% the year before.

While sales in nail enamels do a good steady business, the really hot items now are false nails and tips kits, with buyers talking about new self-adhesive nails that don't require separate tubes of glue to apply, as well as decorative decals and trimmings.

Discounters are also pushing another fun fad with their recent support of Wet 'n Wild, a budget cosmetics brand that appeals to teenagers with its offbeat shades, contemporary packaging and low price points.

The number of major manufacturers jumping on the pump toothpaste bandwagon has changed the shape of discounters' departments as buyers add new name brand additions like Aim, Colgate, Crest and Aquafresh, and cut facings in name brand tubes.

In the cough and cold category, new products were the name of the game. Many discounters are projecting 10% to 25% category growth from innovative category entries like cough whip and chewable tablets containing cough syrup and the conversion of Actifed and Sudafed to OTC status, as well as from strong sales in longstanding basics.

Discount Department Store Productivity

Sales	$5.7B
Sales per Store	$698,000
Dept. Size	3,140 Sq. Ft.
Sales/Sq. Ft.	$222.29
Turns	4.5
Initial Markup	26.6%
Gross Margin	21.9%

SET
BAIT
CATCH
DISPOSE

Introducing Clean-Catch, the only better mousetrap.

It's CLEAN. The contents of Clean-Catch never touches the carpets or floors nor is it ever seen or touched by the operator. It's almost like it never happened.

It's SAFE. Since the trapping mechanism is contained in the rear of the capture compartment, it's child-proof and the operator's fingers never come near the capture bail while setting the trap.

It SELLS. Research proves that the Clean-Catch is preferred by homeowners three to one. This means sales for you and a preference for your customers. And disposability means repeat sales.

It's PROFITABLE. Dual packaging doubles sales and profits. Clean-Catch has been written about in Newsweek, Smithsonian, Hardware Retailing, Star, Venture, Popular Science and Pest Management. This will create inquiries and customers quickly.

For more information, call Gary Miller at (502) 753-1362 or write to him at Dynamic Marketing, 306 Andrus Ave., Murray, KY 42071.

dmc
DYNAMIC
MARKETING
CORPORATION

Toy Stars of 1984 Seen Biggies of '85

Nationwide DSN Report

Last year's heavy hitters will lead the toy league again this year.

That's the good news to toy buyers who expect another strong year with super licenses Cabbage Patch Kids, Masters of the Universe, Transformers, GoBots and last year's most trendy board game, Trivial Pursuit, expected to lead the way.

Last year, Cabbage Patch merchandise generated over $500 million at the wholesale level and to date has accounted for over $1.5 billion including royalties. Trivial Pursuit sold close to 20 million units last year, reaping nearly $750 million. Masters of the Universe sold over $300 million at retail and Hasbro's Transformers did over $100 million in its first year out. The company said it could've sold another $60 million worth of goods if production had run smoothly.

It was, indeed, a good year and 1985 is shaping up as a mirror image. Overall, discounters, including toy specialty chains and catalogers are expected to sell over $8 billion worth of toy goodies this year. Discount department stores will account for over 50% of that volume, with their toy sales due to rise to $4.4 billion up from last years $4.1 billion.

Specialty discounters including toy supermarkets, Toys "R" Us and Child World and mall toy chains like Kay Bee and Playland will account for almost $3 billion in toy sales, up from last year's $2 billion; catalogers, for their part, are projected to exceed $800 million this year.

But despite the rosy projections for 1985, many buyers remain cautious about a carbon-copy repeat performance of last year. Burdened with heavy inventories after last Christmas and heavy hearts after viewing the major lines at Toy Fair, many toy merchants have already experienced a cloudy first half but expect the sun to break through on this year's holiday seling season.

This year's problems are basically the same that haunt toy buyers every year: delivery, price resistance, quality control and increasing wholesale costs.

Granted, all are formidable issues but none are insurmountable, said most buyers. Their big question, however, is—how will the new products perform?

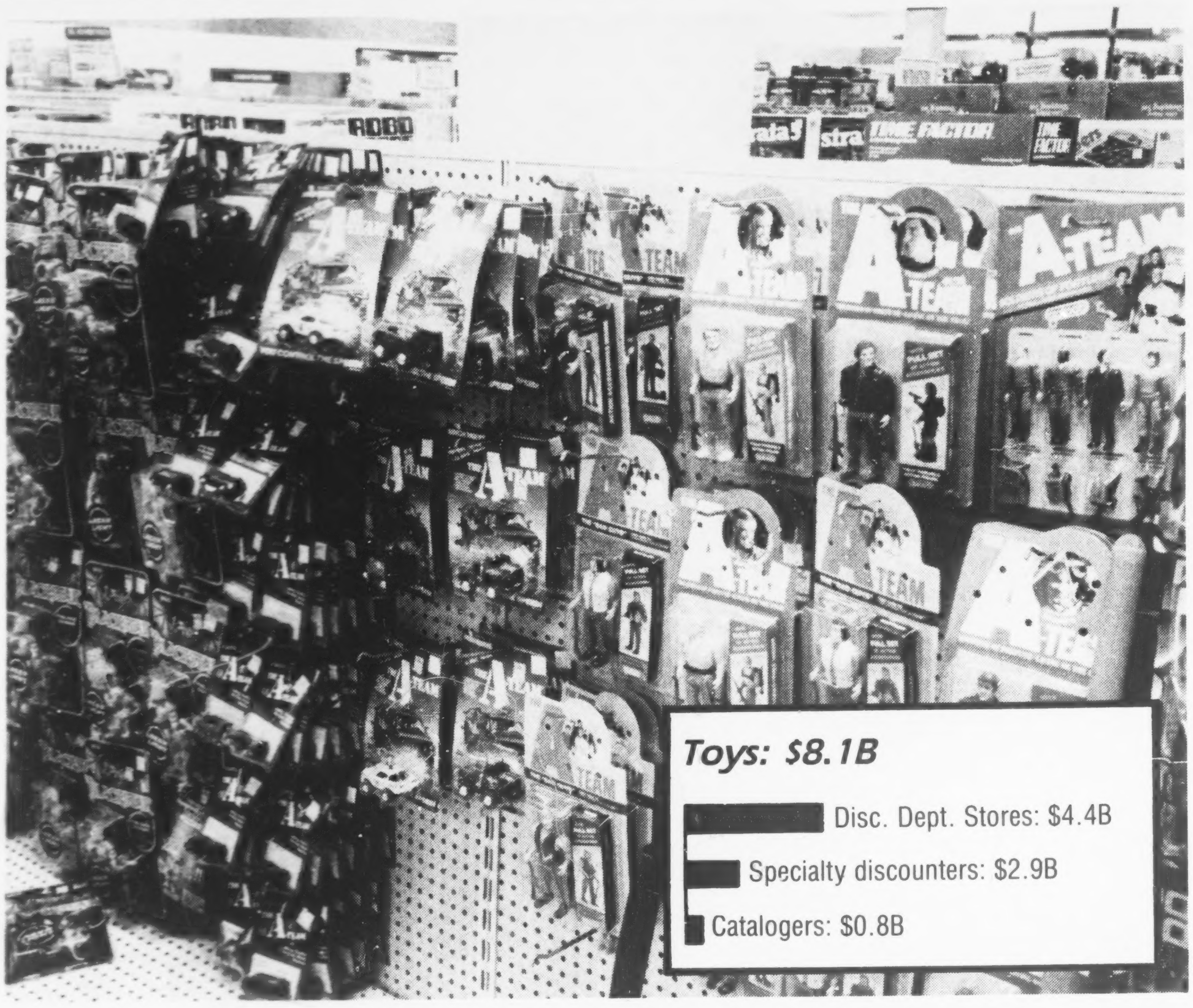
Although a dearth of potential hit toys was introduced this year, (relative to last year's gold mine) a handful of exceptions are expected to make a play for the big time.

Chief among them are several dolls playing off the super successful Cabbage Patch concept. Hugga Bunch by Kenner, Pound Puppies by Tonka and Disney's Wuzzles are plush toys that appear to strike the same chords as Cabbage Patch—appealing to personal home spun values rather than gimmicks and flash.

If the new dolls can surpass Cabbage Patch popularity as well as perennial favorite, Care Bears, remains to be seen but price points will not be an obstacle.

Price points for these newcomers fall in the $20 and above range but toy merchants said this is no longer a stumbling block since Cabbage Patch smashed any price resistance barrier two years ago.

Another toy segment slated for potential stardom this year is the newly created girl's action category—a new market thrust for toy vendors, trying to integrate action fantasy figures and fashion dolls.



Discount Department Store Productivity

Sales	$4.4B
Sales per Store	$527,000
Dept. Size	2,570 Sq. Ft.
Sales/Sq. Ft.	$205.06
Turns	3.2
Initial Markup	36.9%
Gross Margin	27.9%

This advertisement is neither an offer to sell nor a solicitation of offers to buy these securities.
The offer is made only by the Prospectus.

NEW ISSUE

June 19, 1985

2,700,000 Shares

Ames

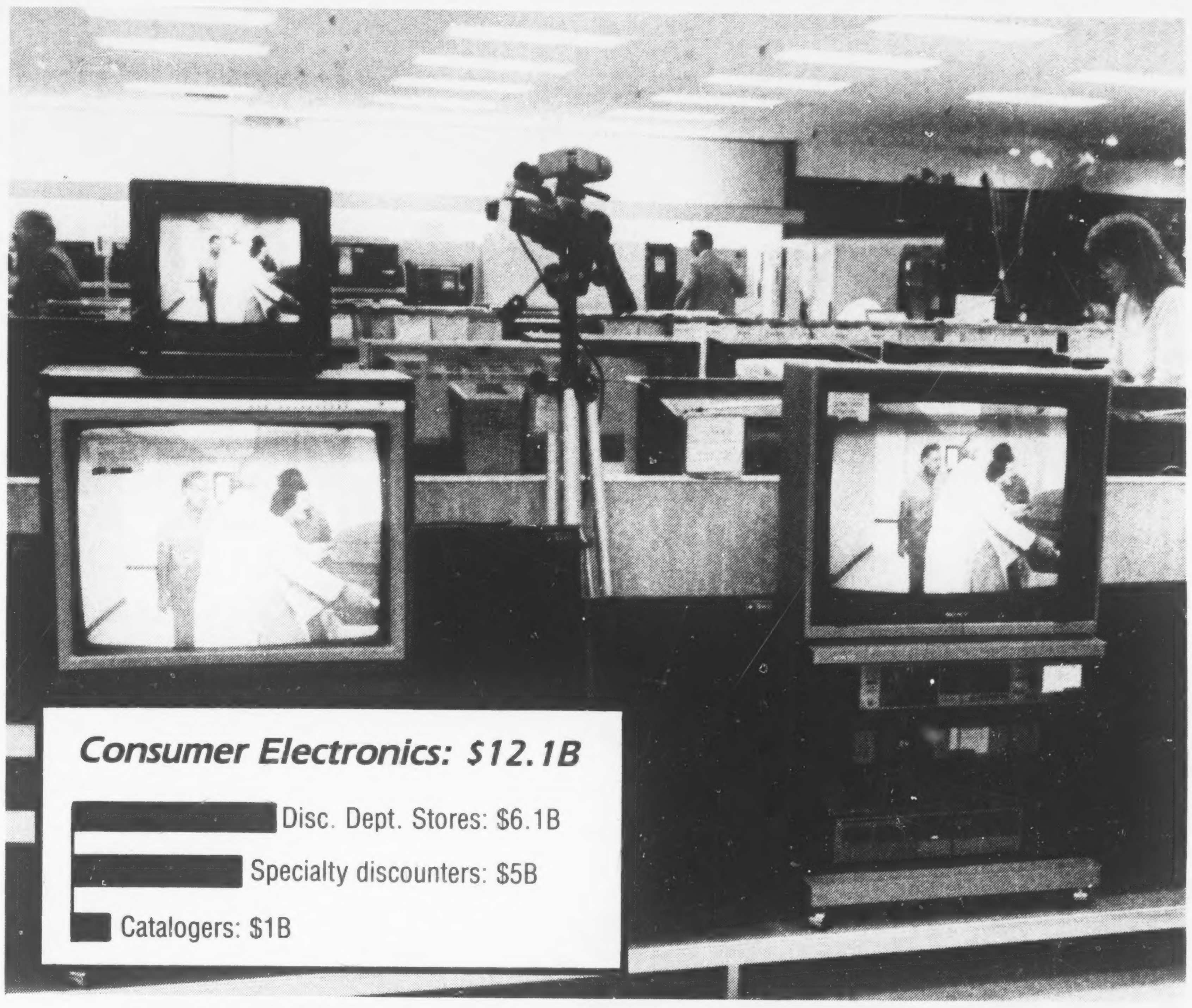
Common Stock
($.50 Par Value)

Price $47 Per Share

Copies of the Prospectus may be obtained in any State only from such of the several Underwriters, including the undersigned, as may lawfully offer these securities in such State.

WERTHEIM & CO., INC.

BEAR, STEARNS & CO.
THE FIRST BOSTON CORPORATION
ALEX. BROWN & SONS Incorporated
DILLON, READ & CO. INC.
DONALDSON, LUFKIN & JENRETTE Securities Corporation
DREXEL BURNHAM LAMBERT Incorporated
GOLDMAN, SACHS & CO.
HAMBRECHT & QUIST Incorporated
E. F. HUTTON & COMPANY INC.
KIDDER, PEABODY & CO. Incorporated
LAZARD FRÈRES & CO.
MERRILL LYNCH CAPITAL MARKETS
MONTGOMERY SECURITIES
MORGAN STANLEY & CO. Incorporated
PAINEWEBBER Incorporated
PRUDENTIAL-BACHE Securities
ROBERTSON, COLMAN & STEPHENS
L. F. ROTHSCHILD, UNTERBERG, TOWBIN
SALOMON BROTHERS INC
SMITH BARNEY, HARRIS UPHAM & CO. Incorporated
DEAN WITTER REYNOLDS INC.
ADVEST, INC.
WILLIAM BLAIR & COMPANY
A. G. EDWARDS & SONS, INC.
MOSELEY, HALLGARTEN, ESTABROOK & WEEDEN INC.
OPPENHEIMER & CO., INC.
THOMSON MCKINNON SECURITIES INC.
TUCKER, ANTHONY & R. L. DAY, INC.
WOOD GUNDY CORP.


Consumer Electronics: $12.1B
Disc. Dept. Stores: $6.1B
Specialty discounters: $5B
Catalogers: $1B

17% CE Sales Hike Eyed by Discounters

Nationwide DSN Report

Consumer electronics continues to be one of the hottest areas for mass retailers as the video boom rages on.

Indeed, many buyers, particularly in the growing specialty segment, see no end in sight to capitalizing on spiraling technology. More sophisticated versions of VCR's and TVs, combined with the projected explosion of compact disc technology and the eventual marriage of audio and video components, have many licking their lips in anticipation.

Coming off strong sales gains for the past few years, 1985 appears to be even more impressive. Discounters, including catalogers and specialty chains, are expected to sell over $12 billion worth of consumer electronics gear this year, over a 17% increase from 1984's $10.3 billion.

The greatest volume increase is expected from the specialty segment, projected to account for $5 billion in CE sales, over 40% of discounting's CE pie.

However, for both discount department stores and catalog showrooms, growth is not expected to be nearly as dynamic, primarily, because it takes a bit longer for technology to trickle down to the mass market level.

Overall, sales performance for discount department stores is expected to remain relatively flat. Catalog showrooms, for their part, are projected to slip to $1 billion in CE volume from last year's $1.1 billion sales mark.

For discount department stores and catalogers, one of the most pervasive problems has been the volatile home computer area. Several chains have recently given up entirely, frustrated with no margins, no turns, no manufacturer support and most importantly, no real consumer need.

Several chain buyers recently came to the same conclusion—at this time, they feel computers are not a mass market product. Besides the fact that many feel selling computers requires hand-holding sales assistance, which most discount chains cannot provide, many buyers indicated the lack of practical home applications as an important reason in their moves to abandon the category. Also, until services like home banking and shopping go online, they noted, computers will stay off their shelves.

On the other hand, VCR's and CD players aren't sitting on discounters shelves long enough to collect any dust.

With prices dropping below $200 in both segments, most retailers are expecting continued mushrooming of sales.

CE specialty chains like The Federated Group reported 75% VCR sales increase over last year. Discounters such as Zayre, T.G. & Y. and Heck's all anticipate doubling their VCR sales over last year. With VCR market penetration only at about 20% to 25%, future sales look extremely optimistic.

In addition, the advent of digital technology is expected to revolutionize the video category, integrating audio and video components, which will offer far superior picture quality and sound reproduction.

For now, CD players have already entrenched themselves as a staple, if not the current star of many audio departments. Chains including K mart, Gemco, Caldor and T.G. & Y. expect CD's to be among their biggest sellers this Christmas.

Discount Department Store Productivity

Sales	$6.1B
Sales per Store	$747,000
Dept. Size	2,300 Sq. Ft.
Sales/Sq. Ft.	$324.78
Turns	2.8
Initial Markup	31.0%
Gross Margin	19.5%

AN OFFER AS SHARP AS THE PICTURES YOU'LL GET WITH FUJI FILM
FUJIFILM
FUJICOLOR

A FUJI FILM FALL PROMOTION TO HELP YOU SHARPEN SALES AND PROFITS

A scissor set offer plus sweepstakes* as sharp as the pictures your customers will get with Fuji Film.

Fuji's Fall Promotion is a cut above the rest for you and your customers. To start off, your customers will get super sharp savings on this two scissor set for only $2.95 (comparative $12.95 value) plus two proofs of purchase of Fuji Film.

Your customers can also win a dream Caribbean cruise.

Fuji's super sweepstakes gives your customers the chance to win a luxury Cunard Countess† cruise for two to 6 exciting Caribbean islands—plus lots of other prizes.

We're cutting *you* in on our sweepstakes too!

Just for participating in our Fall Promotion, you can have a chance to win the same cruise as your customers by entering the special retailer sweepstakes.

And don't forget how Fuji always gets your customers' attention with exciting in-store merchandising that's sharper than ever.

Join Fuji's Fall Promotion...and picture yourself sailing away with picture perfect profits.

FUJI FILM

FUJI PROMOTIONS MOVE CUSTOMERS AND FILM.

I want to participate in Fuji Film's "Scissor Sharp Sweepstakes Offer"

☐ I currently sell Fuji Film.

☐ I am interested in selling Fuji Film.

Mail to: **Mr. Paul Smith, National Sales Manager**
Fuji Photo Film, U.S.A., Inc., 350 Fifth Avenue, NY, NY 10118

Name __________

Company __________

Address __________

City __________

State ________ Zip ________ Telephone ________

*No purchase necessary to enter sweepstakes. Offer expires February 28, 1986. Void where prohibited.

2½" and 3½" SCISSOR SET

†of British Registry

FUJI FILM
FUJI/CALDOR SAVINGS
CALDOR Features
FUJI FILM
Photo/Camera: $3.6B
Disc. Dept. Stores: $3.3B
Specialty discounters: NA
Catalogers: $0.3B

35mm Autofocus Biz Livens Photo Section

Nationwide DSN Report

The dramatic proliferation of 35mm autofocus rangefinder cameras that have hit discount department stores in the last 12 or so months will continue as buyers broaden assortments, adding more moderate price points and more national brands.

The result has been a positive impact not only on camera volume, but also on sales of film, albums and processing.

Heck's, the Nitro, W. Va.-based discount department store, has made a strong entry into the 35mm autofocus category. The chain currently features five models, including Canon's Sure Shot and Snappy 50. Prices range from $69 to $129 with promotions generally knocking 20% off day-to-day prices.

While the autofocus cameras have shown strong growth, they've put a crimp in some stores' sales of higher priced single lens reflex (SLR) models, which carry significantly higher price tags.

One buyer believes that by offering more moderately priced stepups from simple 110 models, he's providing consumers with a reasonable alternative to stepping all the way up to price points over $200.

"The main difference between the autofocus models and SLRs for my customers is the lack of interchangeable lenses [on the autofocus models]," said one chain buyer. "Other than that, the autofocus models give them what they want at a much more affordable price."

One of the healthiest offshoots of this developing autofocus trend is related sales of 35mm film.

A Caldor buyer stressed that if the benefits of the autofocus camera are properly explained to consumers, the number of exposures will increase dramatically during the remainder of the decade.

Heck's, for one, is targeting a 15% increase in film sales for the year thanks to its 35mm camera growth. The buyer intends to include sharply priced film promotions in every one of the chain's 26 circulars.

Likewise, as consumers grow increasingly excited about the improved quality of their phototaking, the autofocus boom is expected to boost album sales.

Fishers Big Wheel, which recently changed its displays and adjacencies in the category, reported a 25% increase in album sales.

To promote his album business, particularly specialty books for oversized 4-in. x 6-in. prints, one eastern chain buyer is tieing an album ad to a monthly photo processing promotion which also emphasizes large-sized prints.

While the new cameras have rejuvenated many photo departments, they have also hurt their high-priced, high-margin specialized accessories business, including zoom lenses, flash attachments and filters.

An official with a Pennsylvania catalog chain stated the firm will move into smaller-scale accessories like camera bags, and try to increase sales of other lower-ticket tie-ons—such as batteries, cleaning kits, straps and film.

Camera merchants here and at discount chains like Caldor and Gold Circle with ample SLR selections are hoping new technologies will ease the competition with rangefinders. They are most optimistic about the entry of "decision-free" autofocus features on SLR cameras.

Discount Department Store Productivity

Sales	$3.3B
Sales per Store	$404,000
Dept. Size	675 Sq. Ft.
Sales/Sq. Ft.	$598.52
Turns	2.81
Initial Markup	25.12%
Gross Margin	18.03%

After 200 years, we're still coming up with ideas that click.

The new Retractor.
Now you see it.
Click.
Now you
don't.

Wilkinson Sword® is proud to announce another innovation in shaving. The Wilkinson Sword Retractor.™ A product which comes to us direct from Europe. Where it has been a marketing success.

The Wilkinson Sword Retractor is the first and *only* disposable that retracts the blade between shaves to protect the blade and deliver a close, smooth shave.

The Wilkinson Sword Retractor razor. A new idea in shaving. Another innovative product from Wilkinson Sword. "The name on the world's finest blades."

Our new Management, [illegible] ales and Support teams are [illegible] dy to make Wilkinson Sword shaving products profitable to sell and easy to receive. Call toll-free 1-800-241-8918 or write Wilkinson Sword, P.O. Box 7200, Norcross, GA 30091.

WILKINSON SWORD®

THE NAME ON THE WORLD'S FINEST BLADES.™

©1985 Wilkinson Sword, Inc., an Allegheny International Co.

New Presentations Doll Up Domestics

Nationwide DSN Report

Discount department stores are looking to improve domestics sales this year with new styles, patterns and colors, higher grade fabrics—and, in some cases, higher price points than were offered in the past.

At the same time, the list of discounters restaging their domestics areas has grown even longer this year. In its new prototype stores, Gemco's domestics department has evolved into a home fashion area that merges into housewares. Caldor, Jamesway, Richway, Ames and Fisher's Big Wheel have either completed or are in the process of relaying their domestics areas to create more appealing, contemporary environments.

Many of the changes blossoming in discount stores center on positioning home textiles as an integral, fashion-oriented part of home furnishings.

In Gemco's new prototype stores in Rowland Heights and Encinitas, Calif., this means pulling placemats, tablecloths and napkins out of domestics and into a merged 1,200-sq.-ft. fashion area along with dinnerware, drinkware, flatware and cutlery.

The Connecticut-based Ames is experimenting with a two-store test of higher-priced, more fashionable goods in a new store in Richmond, Va., outfitted with all-new fixtures, and in an older one in Meriden, Conn., where new merchandise was added to existing fixtures.

Overall, discounters have been broadening many domestics categories to include more fashionable and better quality assortments.

New Moves

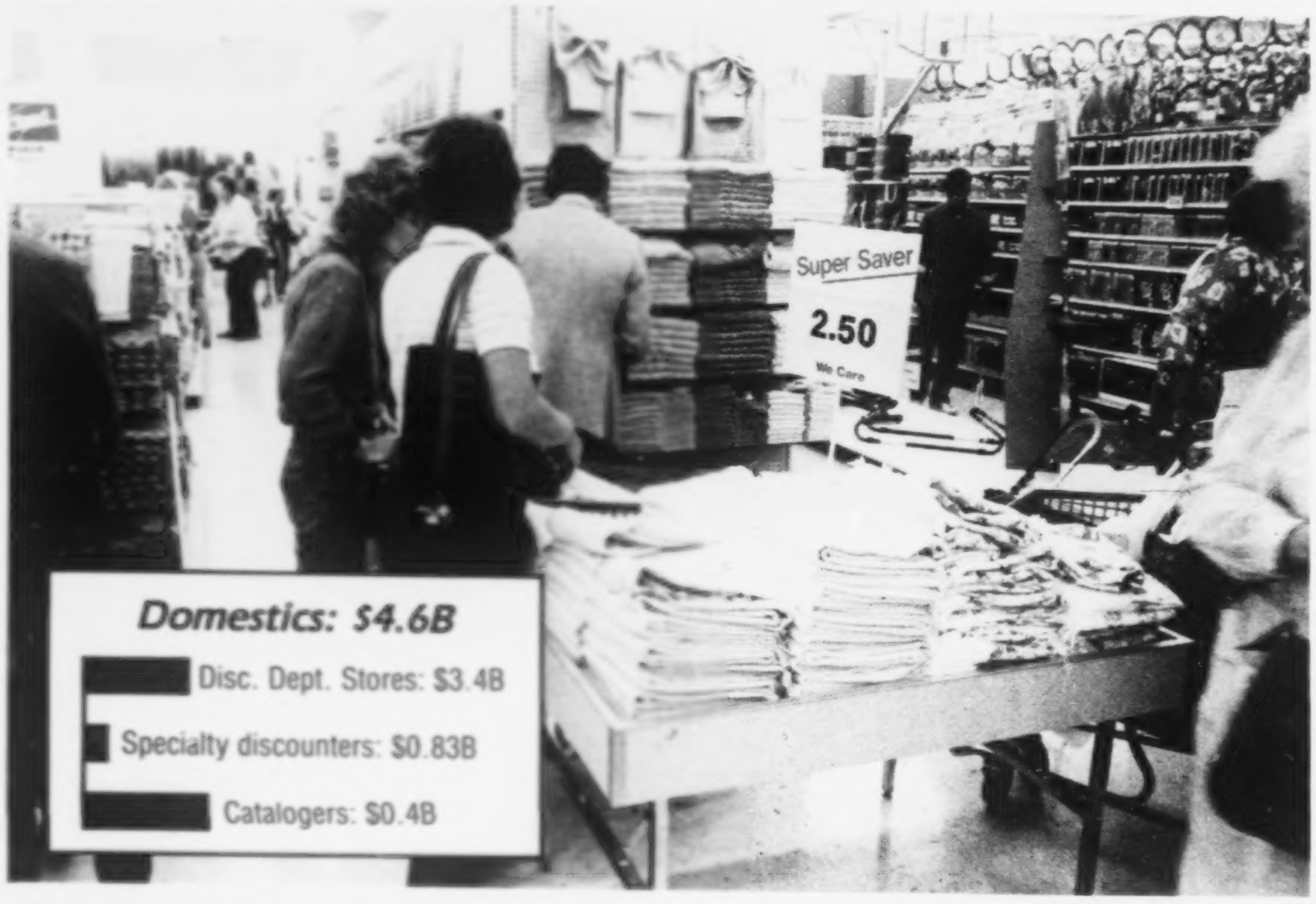
For the first time, this year discounters have begun offering the same patterns in kitchen ensembles and tabletop items like tablecloths, placemats and napkins, hoping to sell more of these high margin fashion items and increase multi-item purchases.

Taking their cue from the bed and bath areas, discounters have been focusing on stocking broader ranges of fabrics and textures as well as color in the kitchen textile/tabletop area, with new emphasis on woven and chintz fabrications, a switch from the more common quilted and ruffled items.

In its new Atlanta prototype store, Richway has even displayed an assortment of solid color placemats on a spotlit focal wall in its domestics department to emphasize the freshness of a solid fabric look.

In bedding, new 100% cotton and cotton rich flannel assortments will find their way into discount stores this fall, as opposed to last year's mostly cotton/polyester blends. Domestics buyers said they will also be offering flannel sheet sets in more sophisticated print patterns, adding to the traditional solid bone and blue and tiny floral printed patterns.

In the very profitable waterbed sheet business, where everyday margins are about 45% and in the mid-30% range on sale, discounters are adding more sophisticated patterns and florals to the standard fare of sailing and beach prints and satin fabrics. Some chains expect waterbed sheet to capture up to 15% of their total sheet sales this year.



Discount Department Store Productivity

Sales	$3.4B
Sales per Store	$417,000
Dept. Size	3,130 Sq. Ft.
Sales/Sq. Ft.	$133.23
Turns	2.7
Initial Markup	44.21%
Gross Margin	34.1%

WHEN THE COMP
NEW THERMOME
OUR NEW BLOOD P

Sharp's new digital thermometers offer instant relief for long-term sufferers of glass thermometers.

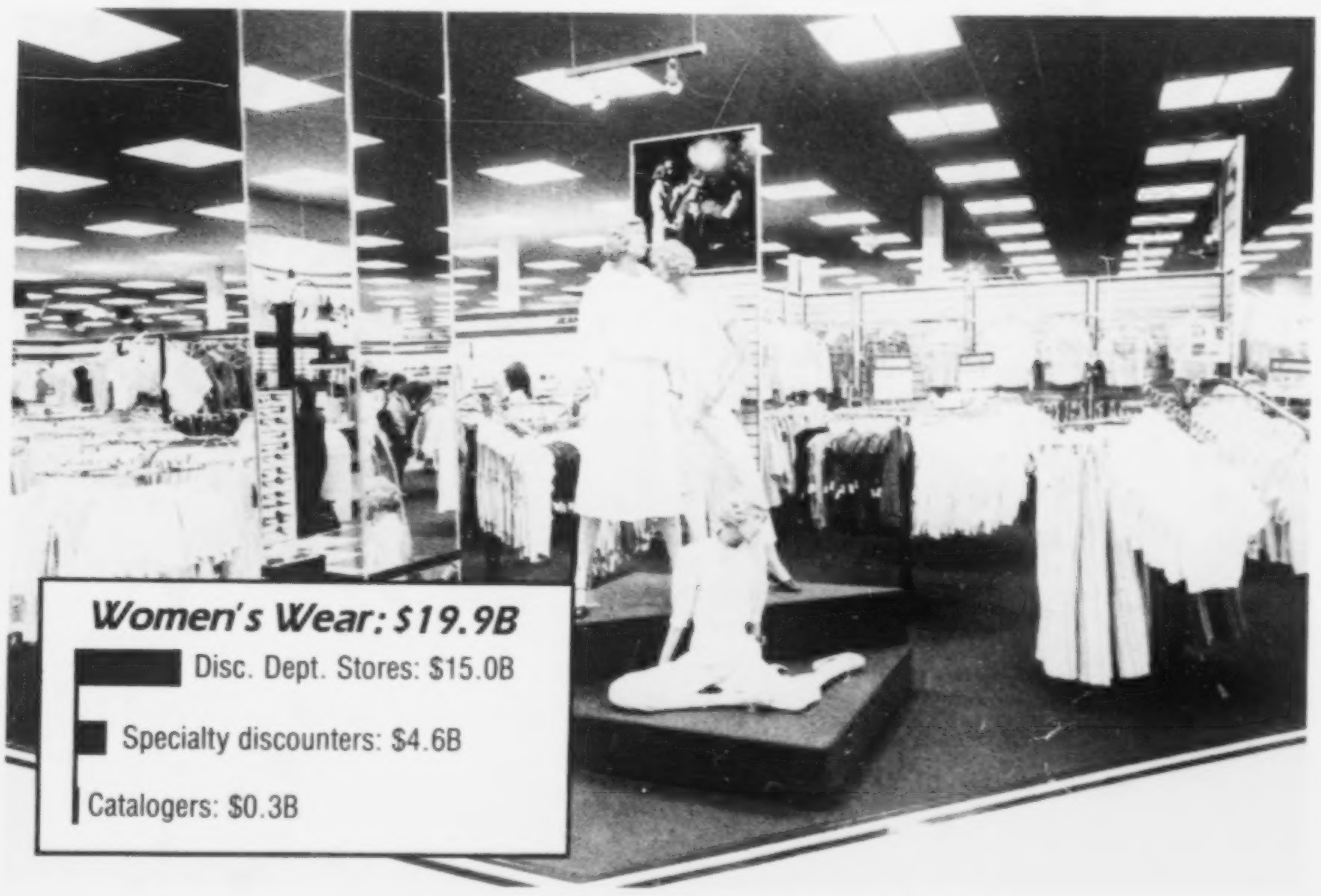
They have large digital displays so your customers won't raise their temperatures just trying to read them.

They're accurate to ±0.2°F. One even "beeps" when it's completed the reading and advises of a fever if the temperature goes over 100°F.

You could probably sell a million if they were only priced right. Right? Well, how does a suggested list price of about $15 sound for our top of the line model? And under $10 for our basic model?

It's enough to make your heart beat a little faster, isn't it?

Which brings us to our new automated blood pressure monitors.



More Fashion Impact Due in Ladies' Wear

Nationwide DSN Report

Ladies' apparel remains the leading volume producer at discount department stores.

But, chains are mapping heftier margins and more fashion impact in what is often their most markdown-plagued category.

Product development—private label, captive labels, import programs that follow retailers' specs, and licensed names—is considered a key to achieving those goals.

Off-pricers and catalog showrooms, which concentrate on discounting brands, are suffering with narrowing margins as they compete more with each other and promotionally active department stores for ladies' apparel volume.

At presstime, no cataloger has gone chainwide with ladies' wear. The regional cataloger David Weis dropped ladies' apparel because of the influx of off-pricing in Pittsburgh. Ardan, a 50-unit Iowa-based showroom chain, has been testing the category in nine stores and Service Merchandise is continuing an 11-store test that has been running in the H. J. Wilson chain it purchased last May.

K mart, Target, Hills, Venture, Gold Circle and Jamesway are all combining discount store brands like Gitano, Garan, Lee and Wrangler with collections under house labels to buoy their apparel bottom line. Although programs spill over into men's and children's wear, they usually show up first and to a greater extent in ladies' sportswear.

At Venture, for example, ladies' wear was underdeveloped in terms of volume share about a year ago, said soft lines/marketing vp Maxine Clark. Part of the solution was a related separates imports program under labels such as Headliner.

Successful Trade-up

Starting in spring of this year, pants, sweaters, skirts and tops were color-keyed to match in the Orient and ordered with more detailing such as extra pockets buttons. Such programs allow Venture to offer a fashion-oriented coordinate group without adding a price point to the department. It is also a way to get shoppers to return for matching pieces or to make a multiple purchase on the spot.

The new import programs, combined with a 50% cut in the number of domestic sources (which made Venture a more important client to the remaining resources) and increased buying in the California market, are pushing ladies' sportswear sales ahead by over 50% so far this year. Clark said fall '85 house-label programs are even more extensive.

Jamesway also added ladies'-related coordinates to its private label (HJA) program this year.

At K mart, house labels now account for about half the ladies' wear volume. This month Jaclyn Smith licensed sportswear joins labels such as Hunters Glen, Jonathan Logan, Jennifer Michaels (plus sizes), and New Departures.

K mart typically targets a specific styling trend and comes up with a name and then targets the label to stores where the shopper profile matches the styling. If a style fizzles out, K mart can retire the label and bring in a new style and label.

Discount Department Store Productivity	
Sales	$15.0B
Sales per Store	$1,338
Dept. Size	10,000 Sq. Ft.
Sales/Sq. Ft.	$183.80
Turns	4.7
Initial Markup	48.1%
Gross Margin	37%

ETITION SEES OUR
TER THEY'LL NEED
RESSURE MONITOR.

SHARP
122 87 82
PRESET VALUE
POWER
DEFLATE
INFLATE

For the 60 million Americans with a blood pressure problem they're the perfect early warning system.

And for the millions of fitness-conscious Americans who work out, using them could easily become a daily exercise.

TV advertising is creating sales for these new products, so call your Sharp representative or call Sharp direct at 201-599-3821.

Missing out could really make you feel ill.

Sharp Electronics Corporation
Home Medical Equipment
10 Sharp Plaza, Paramus, NJ 07652

☐ Please send me complete information on Sharp Home Medical Equipment.
☐ Please send me the name of my nearest Sharp Home Medical Equipment representative.
☐ Please have a representative call me.

NAME__________
TITLE__________
COMPANY__________
ADDRESS__________
CITY__________
STATE______ ZIP______
Dept. MED—DSN-7-22-85

SHARP

FROM SHARP MINDS
COME SHARP PRODUCTS™

A/V EQUIPMENT, AUDIO, BANKING SYSTEMS, BROADCAST CAMERAS, CALCULATORS, CASH REGISTERS, COMPUTERS, COPIERS, ELECTRONIC COMPONENTS, ELECTRONIC TYPEWRITERS, FACSIMILE, MEDICAL PRODUCTS, MICROWAVE OVENS, TELEVISIONS, VIDEO RECORDERS

© 1985 Sharp Electronics Corp.

Chains Eye Upsurge In Consumables Biz

Nationwide DSN Report

Discounters are predicting strong gains in consumables, spurred on by additions of higher priced chocolates, added space and promotion of nuts, chips and other snack items, and beefed-up checkstand displays.

Also, buyers are reporting an upswing in sales of higher margin seasonal and holiday goods.

Buyers at K mart, Gold Circle and T.G. & Y. have all projected this year's sales growth could match the 20%-plus increases of 1984.

For its part, K mart is aiming to insure category growth this year and even greater growth in 1986 with a stronger commitment to the consumables department. Its strategy involves tracking product movement on a regional and national basis to tailor part of its mix to local shopping tastes; further testing of The Party Shop consolidated consumables and liquor concept; cutting back on private label packaged foods, and increasing consumables advertising in chainwide flyers by 20%.

Gold Circle, too, is working to repeat last year's success in consumables. In 1984 the chain increased candy sales 22% with aggressive promotions and by maintaining heavy in-stock position during holiday periods.

Sales of Hershey's Big Block chocolate bars tripled when they were advertised three for $1, compared with other chain's two for 89¢ promotions and its own daily selling price of 49¢.

High Volume Eyed

Also, the chain gained 60% in sales of loose chocolate bars when it added the nation's top 16 brands to the checkout area.

Plans to keep up the momentum at Gold Circle this year included tests of a 4-ft. shelf of imported boxed chocolates for everyday sales; the possible addition of better chocolate brands such as Cadbury and Tobler, also for everyday sale, and dummy display boxes for seasonal products. Also, the chain began promoting the department more often, with consumables appearing in two more first quarter flyers than it did last year.

T.G. & Y. is expecting 15% department growth this year since reworking its mix and its planograms chainwide last year. The new planogram cut 20% of space from chocolate tray packs, bite-size bags and M&M's, leaving more space to faster growing snacks like nuts and chips.

The chain also adjusted pricing and labeling of its 30-item rebag program, wherein an outside company is contracted to buy candy in bulk and bag it according to T.G. & Y. instructions. Now, mostly children's candies like gummy bears and bubble gum that are not identifiable by brand sell at two for $1 for 2-4-oz. bags rather than 99¢ each. Packages also carry the name of the rebagger instead of a private label.

At Hills, where the focus is on snack foods rather than candies, 8-ft. snack sections were added in new and remodeled stores.

Most chains stock only limited grocery items in consumables sections because supermarket competition drives margins on these items down to the 10% to 15% range. On the other hand, discounters enjoy gross margins from candies and snacks greater than 20% and margins of more than 30% from seasonal and holiday goods.

Despite this, Pamida has established a permanent 40-ft. display area in its stores for nonrefrigerated staple groceries, as well as candy and snacks.

At K mart, department volume growth was driven last year by higher-priced tinned and boxed candies, more so than by its packaged food section or its snacks.

However, the chain does feature a 20-ft. packaged grocery and deli run near the front end, by a 60-80-ft. display of candies and snacks that expands seasonally into promotional space.

The chain has plans to tailor the program to local consumer preferences using SAMI (Selling Areas Marketing Inc.).

PLANTERS
Cheez Balls
T.C. ROUNDS
Stoned Wheat

Discounters expect fast-turning candy and snacks to help lift consumables sales 15% to 20% this year. Caldor, Medford, Mass., devotes a 12-ft. run to crunchy snacks like nuts, chips and cheese balls.

DIY Winners that Sell on Sight.

SAWHORSE BRACKETS
EXTRA HEAVY DUTY
NO-RUST
GALVANIZED STEEL
PowerToolOrganizer
Holds Drill, Circular Saw, Saber Saw, Sander and Accessories
STORAGE HOOKS
crawford products, inc.
BUILD-A-DECK
3Ft. Tool Rack

Essential Products for the DIYer
Crawford understands the impulse nature of DIY sales. That's why we've designed our packaging and products to be as tempting to the DIYer as they are useful. Our tool organizers, storage hooks, sawhorse brackets and legs, shelf brackets and lumber connectors offer durability and convenience to insure customer satisfaction.

Award-Winning Packaging
Colorful and informative packaging will catch your customer's eye and quickly close the sale. And you'll have the flexibility of vertical or horizontal merchandising on shelf or pegboard. In-use illustrations on every package promote additional sales of related tools and accessories.

"Dollar Cruncher" Specials
Throughout the year, Crawford offers special "Dollar Cruncher" pricing on our best-moving DIY products. This program, offered well in advance, is designed to support your advertising and stimulate big profits.

For more information
Write or call Crawford Products, and find out about our unique products, packaging and support. They do their best selling on impulse. Phone toll-free, 1-800-225-5832, in Mass. (617) 826-8141.

crawford products, inc.
301 Winter Street
West Hanover, MA 02339

See us at Booth #407 at the National Hardware Show

OMNIWALL
BY SPACEWALL INTERNATIONAL

OMNIWALL IS AN EXCITING NEW INNOVATION FROM SPACEWALL INTERNATIONAL THAT PROVIDES THE USER ERROR FREE INSTALLATION. OMNIWALL IS PART OF A PRODUCT SELECTION THAT INCLUDES SPACEWALL, J-METALWALL, ECONO SLATBOARD, METAL SLOTWALL, AND A FULL LINE OF SLATBOARD MATERIALS THAT INCLUDES PLASTIC AND METAL HARDWARE.

SPACEWALL INTERNATIONAL
PHONE TOLL FREE 800-241-6637

SPACEWALL WEST
PHONE TOLL FREE CALIF. 800-643-4952
WEST OF MISS. 800-221-5552

SPACEWALL ENGLAND
WELLINGBOROUGH, ENGLAND 0933-673777

SPACEWALL NEW ZEALAND
(09) 274-4089

SPACEWALL, INC.
4509 Stonegate Industrial Blvd.
Stone Mountain, Ga. 30083
404-294-9564 GA
800-241-6637 toll free

Bills Affecting Retailers Introduced in State Legislatures

The following is a rundown of pending state legislation, as collated by the Association of General Merchandise Chains (AGMC).

ADVERTISING

Oregon

HB3027 would extensively amend the law regulating advertising practices.

ADVERTISING TAX

Iowa

SB458, imposing the sales tax on advertising services, has been withdrawn.

New York

SB 550, providing that receipts from sales of advertising in newspapers and periodicals shall be attributable only to the extent that the publications are delivered to a point within the city for purposes of computing the New York City general tax, has been substituted by AB3337. That bill has passed the Assembly.

BAD CHECKS

California

AB1609, limiting the fees for bad checks to a certain amount, has gone to a third reading in the Assembly.

Connecticut

SB390, imposing civil penalties on persons who issue bad checks, failed to pass in the Senate. The rules were suspended and the bill has been sent to the House. The bill was previously reported in an earlier bulletin.

Florida

HB624, authorizing the state's attorney to create a bad check diversion program, has been amended and recommended for passage by the House Committee on Criminal Justice. The bill has been sent to the House Committee on Appropriations.

Illinois

SB957, requiring service fees for bad checks to be assessed only against the drawer of the check, has passed the Senate.

Iowa

SB309, dealing with penalties for bad checks, was amended and passed by the House. The Senate has concurred in the House amendment.

Massachusetts

SB1475, dealing with issuing bad checks, has received a do not pass recommendation from Senate committee.

Minnesota

HB368, eliminating the requirement that a copy of a bad check be sent to the maker along with a notice of dishonor and requiring a citation to the statutes instead, has been signed by the governor.

Missouri

HB42, providing for triple damages in bad check cases, has passed the House and has been substituted and recommended for passage by Senate committee.

Nebraska

L445, authorizing county at-

(Continued on page 132)

Single Caldors to Invade Philadelphia and D.C. Areas

(Continued from page 1)

more Caldor openings next year.

Second, to increase profits and volume in existing stores by selling more high-margin, fast-turning goods such as soft home, furniture and eventually more apparel.

To that end the chain is replacing major appliances and fabrics with expanded domestics and a 1,500-sq.-ft. KD furniture section in all 106 of its stores.

Their strategy holds to the mandate Guinan said the discounter's parent company, Associated Dry Goods, first outlined for him upon his arrival. The initial target was 200 stores and $2 billion in volume by 1990. The goal, however, was apparently scaled back by ADG. At the parent's annual meeting earlier this year, 50 new Caldors were projected for the next five years—almost half what Guinan said the chain had targeted, in an interview last fall.

With a more modest expansion plan, Guinan and Williams are concentrating on a new advertising stategy. The chain's ad budget is being totally revised to finance Caldor commercials on television for the first time in all but one market later this year. The executives also slashed its ROP budget in half to channel those funds into circular ads, said Guinan.

Although remerchandised and backed by a strengthened ad plan, Caldor will be outstored by Bradlees as it moves southward.

When Caldor opens its Fairless Hills, Pa., store outside Philadelphia this fall, the chain will be following by months Bradlees' purchase of 18 former Jefferson Ward stores in the Philadelphia/Wilmington market. In fact, the Caldor unveiling could coincide with one of three previous planned Bradlees openings in the market this year.

Bradlees and Caldor already compete in northeastern metro markets from Massachusetts down into New Jersey, and south to Baltimore. The battle in Philadelphia will include three upscale chains: Bradlees, which will have 21 stores there by next March; Clover, the local 19-unit division of Strawbridge & Clothier, and Caldor. The repositioning K mart chain operates close to four dozen units in the Philadelphia/Wilmington area.

Jamesway, Gee Bee and Ames (including Murphy's Mart stores) are also part of the discount store population in the Philadelphia area.

Guinan sees the Washington, D.C., market as an extension of the Baltimore market where Caldor operates seven stores. With next year's openings—about four in Washington—Guinan has projected the Baltimore/Washington area will have as many as 15 Caldor stores by the end of next year, according to company reports.

In Washington, Bradlees is already six stores strong. But in Baltimore Bradlees operates only four units compared to Caldor's seven.

Not all Caldor's growth markets are within the Bradlees trading area, however, despite the proximity of the East Coast's northern metro markets. On Long Island, for example, Caldor competes only with locally based TSS-Seedman's. Caldor currently operates eight stores in the suburban New York market (four of them in former Woolcos) and is slated to add more next year.

Beside the unit growth, Caldor is looking to boost its profits and margins through merchandising realignment. Domestics departments are being expanded by 12% and 1,500-sq.-ft. KD furniture departments also are slated for all 106 stores by the end of next month, according to president Leonard Williams.

The Reason Why

By those moves and by dropping major appliances and fabrics Williams said he's going after businesses that are easier to develop and that can bring more money into the chain. "It's a matter of productivity," Williams said.

Guinan and Williams are anchoring their future merchandising and marketing revisions on the results of shopper interviews.

"The survey reaffirmed that Caldor is a distinctly upscale hard lines driven chain," Guinan said. "What makes it upscale is its shoppers."

To them the best tennis racquet, for instance, isn't at a $14.99 price point. It may be at a $100 price point to represent the best value.

With that upscale shopper profile in mind, Williams sees the next step in building soft home and apparel business from its 35% share as "adding a top layer" onto the assortment. He characterizes it as merely adding a price point or two—"nothing revolutionary."

Williams sees KD furniture as a natural extension of Caldor's existing hard lines business. "We already sell patio furniture, and a one-year limited test of KD furniture was producing well when I arrived," he said.

"We do a strong housewares, tabletop and decorative home business, and an expanded KD furniture section fits in with those strengths." The broadened assortment includes rattan oriental, white modular and brightly colored contemporary furniture, Williams added.

Behind the scenes, Guinan and Williams have changed the way Caldor buyers do their jobs, in what they explained as margin-boosting efforts. A new edict requires buyers halt the use of importers and establish their own direct-import programs.

By cutting out the cost of a third party, Williams expects margins to rise. By sending buyers abroad he expects them to get fashion trends into the stores earlier.

At ADG's annual meeting Guinan said the chain would be importing $150 million in retail value by the end of next year. He and Williams told *DSN* that the number of imported items in Caldor won't change right away; the way the goods are obtained is new.

Meanwhile, Guinan has accelerated the development of computer supports for Caldor. He said the chain's information loop will be completed by late next spring. That means all information on goods sold, received or transferred to another store will be available daily to the buyer via crt.

Closeouter Consolidated Goes Public

(Continued from page 2)

hand tools, paints, pet food and Christmas items on a continuity basis, regularly purchasing this merchandise. These items account for 5% to 10% of total sales, the prospectus noted.

The retail store operation is under Sol Norflus, vice president-retail, who had been chief operating officer of the Rink's discount store chain prior to its acquisition by Cook United.

Forty-nine of the stores are managed by persons who had previously run Rink's stores, providing Consolidated Stores with "store managers with significant experience in discount retailing," according to the prospectus.

Of the $33,350,000 raised by the offering, $30,587,000 will go directly to Consolidated Stores, with the rest used to pay the underwriters discount and stock sale expenses.

Consolidated Stores acquired its predecessor in a complex financial deal that included a $33,118,000 cash payment, issuance of a contingent note for additional payments based on future earnings and assumption of the old company's liabilities.

New Moves

The company raised $23.5 million to finance part of the acquisition through the issuance of various classes of stock to different investors, including members of the Shenk and Schottenstein families and venture capital firms.

The company will use $28,725,000 to repay debt, $19,118,000 of which was directly incurred in funding the acquisition. These acquisition related payments include the $6 million contingent note, a $9.6 million revolving bank loan and $3.5 million of subordinated debentures held by the venture capital firms.

Of the debt, the $6 million contingent note, about $3 million of the subordinate debentures and approximately $7.7 million of the revolving credit and short-term bank borrowings are held by individuals and institutions—the venture capital firms, some of which are owned by banks—"which may be considered affiliates of the company," the prospectus stated.

Jewelry Sales Sparkle

(Continued from page 110)

litt can testify to the importance of presentation to jewelry sales. Last year costume jewelry volume at the chain doubled after taller freestanding showcases that display 80% more merchandisers than older spinners and countertop fixtures were brought in. So far this year, jewelry sales are running 58% above last year's. Boblitt expects to end '85 at least 40% ahead.

Some of the trends he cited as strongest going forward include:

- Chain drop earrings made popular by Madonna have four or five chains that dangle with anything from pearls to crosses.
- Huge fake pearls in necklaces or earrings colored pink, gray or champagne.
- More color; from fall brights to deep jewel tones and pearlized pastels.
- Gold and silver-plated button earrings updated with textured patterns.
- Pins that combine chains and stones—another sign of Madonna's influence.
- In fine jewelry, sterling silver, tricolor jewelry, thick chains and freshwater pearls have the most fashion appeal.

In watches, knockoffs of fashion watches from Swatch, Giallo and Guess prompted Boblitt to go from 24 styles last spring to 96 for this fall. Prices range from $7.99 for a jellybean plastic band to $19.99 for some leather banded models. Watches on brightly colored telephone wire that can be worn around the waist, neck or arm will be part of the BTS assortment.

Kids are buying up 49¢ colored bracelets that sometimes have liquid sparkles or glow in the dark, and plastic link necklaces loaded with charms. Boblitt is selling 5,000-10,000 bracelets a week.

Goldbergers in Group Seeking SCOA

(Continued from page 2)

from $13,265,000, along with an 8.1% increase in primary earnings per share to $2.40 from $2.22.

Stockholders at the May annual meeting also approved an employment agreement for Schiff that would pay him $2.5 million should he leave the company prior to Jan. 30, 1988, due to changes in control of SCOA.

That agreement triggered speculation that SCOA was a likely buyout candidate.

Schiff is the largest individual holder of SCOA stock, directly or as co-trustee controlling 1.4 million shares of 8.7% of the total stock.

According to the proxy statement for this year's annual meeting, the Equitable Life Assurance Society controls the largest stake in the company, 2.1 million shares or 12.8%; Lincoln Capital Management controls 1.2 million or 7%.

Lee and other SCOA executives have declined to discuss the financing for the leveraged buyout or any moves that the group may take affecting the company.

Trade observers speculated the buyout group would likely sell some SCOA businesses to help finance the deal and to fuel other operations.

SCOA's shoe businesses, particularly its retail shoe business which is believed to be unprofitable, are targeted as the sell-off candidates.

Lee said, "We're studying all alternatives," but noted that Hills discount stores would be the key vehicle for future expansion.

"Hills is a spectacular retailer. Its operating numbers compare very favorably with other major retailing concerns," he said.

Lee, who would become a nonoperating director of SCOA should the deal go through, said that "all management will be in place doing exactly what they have been doing."

0024037C DS
MS JEANNE LONG
CONGRESSIONAL INFOR SVC 1EU
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING
6
Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.
$2 per copy
AUGUST 5, 1985

lcor Inc. Plans lerge Its Two Showroom Chains

WILKES-BARRE, Pa. — Jewelcor Inc. has disclosed plans to consolidate its two catalog showroom chains, melding the management and merchandising of Edison, based in Fort Worth, Tex., into the 16-unit Jewelcor, headquartered here.

The move "isn't intended to change Edison's operations," said Eugene M. Rich, Jewelcor's executive vice president, finance. Edison will retain its name and merchandising programs for its seven showrooms in Texas and one in Oklahoma, he said.

The proposed consolidation is the fourth in the showroom industry this year. Earlier, Best Products merged the merchandising and operations of the six chains it purchased a few years ago into its Best operation, but kept their logos. Service Merchandise acquired and completely absorbed H. J. Wilson and Ellman's, including dropping the latter two chains' nameplates, their merchandising and operational programs and almost all nonshowroom personnel.

Rich said complete plans for the consolidation, including personnel decisions, haven't been finalized. "We plan to absorb Edison people into Jewelcor as far as possible. We are talking with Edison people who want to relocate," he said.

Rich cited reducing costs and the elimination of duplicate functions as the reasons for the consolidation. He noted Jewelcor would be able to realize cost savings and larger advertising accruals through greater volume buys. Previously, Jewelcor and Edison negotiated separately with vendors.

Each chain currently has its own buying staffs. Both use the Jewelcor Merchandising catalog, but Edison's version includes a guild jewelry section along with expanded sporting goods and lighting sections.

Edison showrooms use a self-service, mass display format for all areas except jewelry and include health & beauty aids as a not-in-catalog department; Jewelcor is a traditional clipboard-order showroom chain.

Edison, which merchandises and produces its own flyers and doesn't use Jewelcor Merchandising's promotions, direct mails its advertising to a self-maintained mailing list. Jewelcor's flyers are inserted in newspapers and/or bulk mailed.

Rich and Jack Dougherty, executive vice president and general merchandise manager, are Jewelcor's top executives; that operation, unlike Edison, doesn't have a president.

Robert D. Benda, Edison's president, said he was discussing his future responsibilities with Jewelcor.

He noted the Edison consolidation would about double Jewelcor's volume and greatly increase its store count, "so there probably is a need for additional people to handle the expanded operation. There will have to be some staff blending to maintain Edison's unique merchandising and regional fo-

(Continued on page 34)

Shakeout Among the Off-Pricers

J. BRANNAM
PIC-A-DILLY
OFF-THE-RAX
Plums
THE ELEGANT DISCOUNTER
CLOSED 2/84

F. W. Woolworth's J. Brannam off-price apparel chain appears to be the next victim of an industrywide shakeout which saw the closings of Dayton Hudson's Plums, Stop & Shop's Off the Rax and Lucky Stores' Pic-A-Dilly last year.

J. Brannam Closes 16 Stores; The Chain's Future Is in Doubt

By KAREN PAXTON

NEW YORK — F. W. Woolworth is expected to shutter the entire J. Brannam off-price apparel division within three to four months, according to industry sources.

The company recently announced the closings of 16 Texas units next month: nine in Houston, five in Dallas, one in Beaumont and one in Austin. Earlier this year the chain closed four stores: two in Tucson, Ariz., one in San Antonio and one in Denver.

At presstime, Woolworth officials would neither confirm nor deny that the chain plans to eventually close the remaining 17 stores it operates in eight states including three in Texas. The company only said it was pulling out of major markets to minimize its losses.

Industry insiders, however, see the Texas closings as "just the first step." "You're going to see the rest of the chain fold in another 90 to 120 days," said one off-pricer who competes in Texas markets.

That executive said Woolworth probably closed its Texas major market stores first because it can easily peddle its real estate leases in those areas to its host of former competitors.

In any case, the closing of more than half the J. Brannam stores (20 of 37) since the start of this year highlights the shakeout currently gripping the off-price apparel industry.

Last year that shakeout was documented by the selling of Pic-A-Dilly by Lucky Stores and the sale of Off the Rax stores by Stop & Shop. Pic-A-Dilly stores were bought by The Limited and changed to Sizes Unlimited budget stores. Off the Rax was absorbed by the Dress Barn, another off-price chain.

The J. Brannam scenario also raises the question as to how long a company should continue to pump money into an unprofitable off-price operation before pulling the plug. The six-year-old J. Brannam chain has never turned a profit and last year registered a $9 million

(Continued on page 22)

IN BRIEF

- **K MART CORP. HAS** announced plans to build an additional 50 Builders Square home improvement centers by the end of next year. There are currently 21 units in Texas, Oklahoma, Illinois, Ohio, Michigan and Florida. Sites for the new stores were not announced.
- **THE DRUG EMPORIUM** plans to more than double its presence in the Philadelphia market by the end of this year. The deep-discount drug chain is scheduled to open six more stores in the market, where it already operates five units.

Maurice Segall: A Catalyst for Zayre's Entrepreneurs

By AL HELLER

FRAMINGHAM, Mass. — Maurice Segall, catalyst of Zayre's turnaround, hates surprises, even good ones.

"They show you're out of control," said Segall, who is known for his crisp and well-articulated leadership style.

He learned that lesson early in his youth.

He grew up an Orthodox Jew in a poor Montreal neighborhood where he attended a Protestant school. "By the age of 7, I knew people weren't telling me everything. I developed a deep-seated skepticism for the 'ologies' and a deep-seated tolerance for other points of view," said the president and chief exeuctive officer of $3.1 billion Zayre Corp.

(On Aug. 11, Maurice Segall will be inducted into the Discounting Hall of Fame at *Discount Store News*' annual SPARC Awards banquet in Chicago.)

For more than a quarter century, Segall, 56, has used that hard-nosed street sense as a filter for his business decisions—most recently in guiding Zayre's massive turnaround.

His rules are clear: People who work hard under him get

(Continued on page 34)

1984 Discount Hall of Famer

"By the age of 7, I knew people weren't telling me everything. I developed a deep-seated skepticism for 'ologies' and tolerance for other viewpoints."

—Maurice Segall
President and ceo,
Zayre

Ross Stores goes public to fund bid to become the country's second coast-to-coast off-price apparel chain.

—See p. 18

AFTMA Show Preview

Riding high on strong first half fishing tackle sales, buyers are heading for the annual American Fishing Tackle Manufacturer's Assn. (AFTMA) Show in St. Louis looking for new resources and products.

(Story, p. 3.)

Index

Apparel 18, 22
Catalog Showroom News 10
Classified 27-31
Editorial Page 9
Housewares 17
Manufacturer News 33
Sporting Goods Census . . . 3, 23-24
Stock Update 4

Crazy Eddie Set to Open 2 More Manhattan Units; Goal Is 50 in Area by '90

NEW YORK — Crazy Eddie, New York's largest consumer electronics retailer, will open a new store here in November two and a half blocks away from another of its units that did over $14 million in sales last year.

The new location, on Lexington Avenue, is directly across the street from Bloomingdale's in one of the busiest retail areas in New York City.

Crazy Eddie's strategy, according to several industry analysts, unlike its much ballyhooed prices, doesn't appear to be insane.

In fact, Eddie Antar, chairman and president of the chain, believes the new store can top $10 million in its first year of operation even though its W. 57th Street store, only two and a half blocks away, saw sales of over $14 million in '84. Last year, the average Crazy Eddie store did about $12 million.

Although the danger of cannibalization appears to be an obvious pitfall, according to many industry observers, Crazy Eddie's past sales performance indicates otherwise.

The chain's Upper East Side unit, on 86th Street and Third Avenue, opened last September and saw sales of $12 million, while its store on W. 57th Street and Third, about a five-minute subway ride away, continued to show more than a 10% comparable store increase, reaching sales of $14 million.

The density of the tristate marketplace can also be seen in New Jersey. Crazy Eddie's units in Paramus and Totowa, less than a 15-minute car ride away from each other, continue to be among the chain's highest volume units, with Paramus projected to exceed $20 million in sales this year.

The Lexington Avenue debut typifies Antar's thesis that the tristate metropolitan area, with its 70-mile advertising umbrella, can easily support a minimum of 50 Crazy Eddie stores.

"What share of the market will we have to capture in order to reach our goal of 50 stores in the New York area over the next several years? Crazy Eddie last year had annual sales of $167 million, or less than 5% of

(Continued on page 33)

SCOA Industries' Board O.K.'s Recast Leveraged Buyout Offer

COLUMBUS, Ohio — SCOA Industries' board of directors has approved a recast proposed leveraged buyout of the company. A proxy detailing the offer, which is valued at $637 million, is due to be sent to stockholders within the next 30 days.

The proxy will disclose the financing of the buyout and the members of the investment group.

The offer was made by the Thomas H. Lee Co., a Boston-based firm specializing in such transactions in conjunction with Drexel Burnham Lambert, a New York securities company.

At least four current and past SCOA family executives are known to be members of the group. They are: George R. Friese, president; Larry Voelker, vice president-finance and treasurer; Herbert H. Goldberger, a director and retired president of the subsidiary Hills discount store division, and his son and current Hills president, Stephen H. Goldberger.

Thomas H. Lee, head of the company bearing his name, is a grandson of SCOA's founder. His 68-year-old uncle, Herbert H. Schiff, SCOA's chairman and chief executive officer, isn't a member of the buyout group.

The recast offer simplifies the terms and treats all shareholders alike. It calls for stockholders to receive a unit consisting of $30 cash and $5 in liquidation value of a new class of junior cumulative preferred stock for each share of SCOA's 16.4 million shares outstanding. The terms also apply to SCOA bonds that are convertible into 1.8 million shares of common stock.

The new class of preferred

(Continued on page 33)

Pace's Type: Small Biz, Home User

Pace Warehouse, Atlanta, targets two groups of typewriter buyers with seven-sku mix ranging from Brother's Student Riter XL1 ($179) to IBM's Selectric III ($769.97). *(DSN photo)*

Top 10 Chains Top $1B in Sales

Chain (Hq. State)	Volume, Fiscal 1984 (in millions)	Number of Units			Avg. Store Size (Sq. Ft.)
		1/86	1/85	1/84	
Herman's (N.J.)	$368.4	126	115	102	10,200
Oshman's (Tex.)	304.0	212	192	186	10,000
Big Five (Calif.)	165.0*	89	70	70	10,000
Sportmart (Ill.)	123.0*	12	11	8	30,000
Sunset Sports (Utah)	110.0*	40	36	36	15,000
Dave Cook (Colo.)	56.1*	17	17	17	19,000
Gart Bros. (Colo.)	49.0*	14	13	13	15,000
Michigan Sporting Goods (Mich.)	38.0*	16	16	16	12,500
Academy (Tex.)	35.0*	20	17	17	14,500
Irving Sports (Va.)	16.0*	18	17	17	3,000

*DSN *estimate*

Source: DSN research

Sporting Goods Outlook Bright As Specialty Discounters Expand

Nationwide DSN Report

As health and fitness awareness moves away from its fad status and takes its place in American culture, specialty sporting goods retailers will continue to be a prime beneficiary.

Their figure of $1.3 billion in sales last year is expected to take off over the next five years with stepped-up expansion, particularly in the relatively embryonic off-price segment.

In addition, many chains—particularly industry leader Herman's World of Sporting Goods—are trying to flatten out their annual sales curves, reducing their reliance on fourth-quarter movement of weather-dependent ski equipment and related merchandise.

Herman's, for example, has been investing less in skiing products while placing more emphasis on exercise equipment, athletic shoes, active sportswear and athletic apparel, according to recently filed public documents.

In fact, apparel sales for the chain now outweigh hard goods, 50.6% to 49.4%.

Aside from its merchandise shift, Herman's most talked about experiment has been Total Sports, its foray into off-price sporting goods retailing.

Although only two Florida Total Sports are now operating, many industry observers feel it will be the prime vehicle for most of Herman's future growth.

The company plans to open as many as 50 Total Sports units over the next five years, concentrating on "Skibelt" markets in the North and much of the Sunbelt. The latter area has been the bread and butter for Oshman's, the nation's second-largest sporting goods retailer.

See related stories pages 23 and 24.

Traditionally, Herman's and Oshman's have stayed out of each other's line of fire. Herman's, with sales of $368 million last year, currently operates 114 stores in 14 Northeast, Midwest and mid-Atlantic states. The chain plans to add another dozen units this year in existing markets.

Oshman's saw sales of $304 million last year and operates 192 stores, of which 174 are traditional Oshman's units and 18 are Abercrombie & Fitch stores (A&F), its upscale division.

The Houston-based chain's stores are primarily located in Sunbelt and Western states, with its greatest concentrations in Texas, with 59 units, and southern California, with 47 stores.

The Herman's and Oshman's empires do overlap on the East Coast with Herman's units

(Continued on page 33)

Buyers Project 10-15% Gains As They Head to AFTMA Show

ST. LOUIS — Discounter fishing tackle sales, riding on a strong first half wave of business, are expected to put department sales 10% to 15% ahead by the end of the year.

Buyers say both product and packaging advances are helping drive these business gains; that momentum is expected to set the pace at this month's American Fishing Tackle Manufacturers' Assn. (AFTMA) Show here.

The news at this year's show, according to buyers polled, will be in electronics, particularly in depth finders and reels.

Strengths Examined

"Although it was introduced last year, the Hummingbird LCD depth-finder is still one of the hottest products in the segment. They've been on allocation right from the kickoff. I don't think anyone expected it to make such an impact in the marketplace," said Bob Vanmeter, buyer for Gold Circle.

The unit, which supplies an electronic readout of water depth, ranges in price from $249 to $299, everyday, and as low as $199 on promotion. Although Gold Circle doesn't carry the item, Vanmeter hopes to have it in stock for Christmas.

However, he said he is apprehensive about putting it on ad because of the product's poor availability record.

Other new products expected to make an impact at the show, according to several buyers interviewed, are "bottle blank" rods—offering a new design style—electronic casting reels, scented fish attractors and a product called color selector, which classifies lures by colors. In fact, several lure manufacturers have already changed their lures' colors to correspond to the new item.

But the real stars of this year's AFTMA, said buyers, are expeced to be improved packaging and special promotions.

"Until recently, our industry was back in the 50's when it came to merchandising. It jumped into the 70's and is currently moving toward the 80's," said Gold Circle's Vanmeter. "First, blisterpacks for reels was a significant breakthrough, and now we're first starting to see some exceptional new packaging for combos, with very strong four color graphics."

Blisterpacks and clam packs have helped many retailers move expensive reels out from behind locked glass and onto gondolas. Now the same innovative packaging has reached knives.

Several discounters pointed to Imperial Schrade's recent introduction of a pegged knives line in pilfer-proof clam packs as a merchandising trend-setter for the category. The knives will retail from $4 to over $40, with gross margins higher than 40%.

Sporting Goods Bright

(Continued from page 3)

competing with A&F stores in New York, Pennsylvania, Connecticut, Washington, D.C. and soon, in Chicago, where A&F will debut its first unit. But the two chains appeal to different clientele, with A&F geared to a more affluent customer.

However, competition is heating up in several other markets, particularly on the West Coast, where Oshman's, Big 5 and Sportmart continue to go head-to-head.

Sportmart, the Niles, Ill.-based sporting goods chain, plans to open its fifth unit in the Los Angeles area, while Oshman's will debut three traditional units and one A&F store in the market this year.

Big Five, with estimated sales of $165 million, currently has about 40 units in southern California, with its remaining 50 stores split between northern California and Nevada.

The three competing chains carry similar merchandise selections. Sportmart, however, adheres to an everyday low pricing policy. Several industry observers feel Sportmart's discounting, which varies from category to category, gives them an edge in the battle for Californian market share.

In addition, Sportmart stores are about three times the size of the average Oshman's and Big 5 store, running between 30,000 sq. ft. and 40,000 sq. ft. of selling space, easily dwarfing the industry average of 15,000 to 20,000 sq. ft. But for Sportmart, the name of the game is price.

"Our success in both southern California and Chicago is due to Sportmart's philosophy of offering our customers the lowest possible price every day on our entire selection of sporting goods and providing our customers with the services they need to insure their continued enjoyment with their sporting goods purchase," said Ron Seiler, advertising manager.

Despite its off-price stance, Sportmart provides such services as ski-binding installation and ski tune-ups, racket stringing, bicycle assembly, bowling ball drilling, fishing line winding and golf club lengthening, shortening and regripping. Sportmart also has a Ticketmaster ticket concession at all of its locations, Seiler said.

Expansion for the second tier of *DSN*'s specialty sporting goods retailers is not quite as dynamic as the segment leaders. For the most part, these regional chains—including Michigan Sporting Goods, Sunset Sports, Academy, Irving Sports, Dave Cook and Gart Brothers—all have reached maturity or at most will add one to two units in their respective backyards.

2nd Store Within 3 Blocks

(Continued from page 3)

the tristate market, yet we feel that we were by far the largest single factor in that market," said Antar at the company's first annual meeting.

"If Crazy Eddie were to continue to grow at its current pace, the company would reach its 50-store target in New York by 1990. Its annual sales could be about $750 million, but its share of the anticipated $7.7 billion New York market would be less than 10%," he added.

The chain is already making strong strides toward its 50-unit goal. On a base of 15 units, Crazy Eddie will add nine new stores this year, a 60% unit increase.

Its Lexington Avenue store, in an ex-Barnes & Noble unit, is expected to open in November to cash in on Christmas sales.

Interestingly, because of its prime retail location, Crazy Eddie will be renting out its window displays for $30,000 per month to approximately eight to 10 vendors, according to Antar. The chain doesn't rent its front window space at any other of its locations.

The chain will also be opening on W. 45th Street, the heartland of consumer electronics in New York City.

"You don't have to be a genius to select good real estate. You go to a high traffic location with a number of major retailers and you set up shop," said Antar.

The other new Crazy Eddie Manhattan site is a former Harvey's Sound and is expected to be in operation by mid-September. Competitors on the same block include Lafayette/Circuit City, The Wiz and, two blocks away, 47th St. Photo.

The Manhattan announcements come on the heels of the chain's 19th store opening last month in Livingston, N.J. Another store in Orange, Conn., is slated to debut in August.

Two other units, one in Manhattan's financial district and the other adjacent to the company's new corporate 210,000-sq.-ft. headquarters and warehouse in Edison, N.J., are also scheduled to open later this year.

The store in Edison will be the chain's "experimental" unit, according to Antar, where executives will develop and test new merchandising formats and techniques.

Board Approves Buyout

(Continued from page 3)

stock would pay 12% dividends for the first five years after the deal is closed and 12.5% thereafter. The dividends in the first four years could be paid in the form of additional preferred stock shares.

Redemption of the preferred stock at its liquidation value plus accrued dividends will be at the rate of 20% of the stock a year beginning at the end of the 11th year after the deal's closing.

The previous offer, also valued at $637 million, called for a $35 cash payment for 85.7% of stock and $35 in liquidation value of the junior preferred stock for the remaining 14.3% of the outstanding shares. Redemption would have been on a prorated basis, so some shareholders would have received mainly cash while others mainly the preferred stock.

Borrowing usually is used to finance a leveraged buyout, with the debt often paid through a combination of the sale of some company assets and income from operations.

Drexel Burnham Lambert has indicated it expects to raise the needed funds for the buyout. Neither Thomas H. Lee or SCOA executives would comment on what assets, if any, would be sold to pay off the debt.

Trade observers speculated that SCOA's shoe business, particularly its retail shoe operation, believed to be unprofitable, is the asset most likely to be sold.

Executive Changes

Adams

Hatzinger

Thorsen Tool, a manufacturing subsidiary of Household International, has named **LARRY J. ADAMS** vp, sales. He had been sales manager for hardware and consumer markets. Adams has been with the company for more than 12 years. **PETER C. HATZINGER** has joined the company as director of merchandising. He comes to Thorsen from White Stores where he was hardware group merchandise manager. He has also been employed by Ace Hardware as merchandise controller and hand tool buyer.

The new international licensing director at MGM/UA is **LAURA ROSE,** responsible for day-to-day activities as well as the supervision of 17 international agents in contract negotiations and product development. Prior to joining the company, Rose was an independent marketing consultant for Simon and Schuster. She was also marketing manager of Marvel Comics Group's international licensing division for two years.

The new president and general manager of the health care products division of Richardson-Vicks is **NICHOLAS O. MATT.** Matt joined the company in 1973 as marketing trainee and held several other marketing positions until 1982 when he was appointed vp, marketing of the personal care products division. Prior to this most recent promotion, he had been vp, marketing for the Europe/Africa division, in Paris, France.

Gemini Industries, a manufacturer of consumer electronics accessories, has named **JOSEPH P. SCHETZINA** marketing manager. He had been with Pacific Electricord prior to this appointment. Schetzina has also held positions with General Electric, Johnson & Johnson and Procter & Gamble.

DIANE PADLUCK has been named vp, marketing services at Hazel Bishop, marketer of popular-priced cosmetics. Padluck, who had been with the public relations firm The Softness Group, will be responsible for developing and supervising all publicity and advertising programs, sales promotion activities and product positioning.

Preway, Wisconsin Rapids, Wis., has named **JAMES W. EGAN** president of its fireplace division. He came to the company in January 1985 as executive vp. Prior to this he headed his own financial consulting firm and held several posts with General Housewares Corp.

Welty

Rowekamp

STANLEY R. WELTY JR. has been elected president of Wooster Brush, Wooster, Ohio. He had been assistant vp, manufacturing. Prior to joining the company, he had been with Armstrong Cork and Kerr Glass. He succeeds Woodrow J. Zook, who retired May 31. Zook continues to serve as company chairman. **DAVID ROWEKAMP** has been promoted to senior vp, sales and marketing from vp, sales. Other officers elected to the company's established posts were: **ROBERT L. WEISS,** vice chairman and secretary; **ALLAN K. RODD,** treasurer; **DONALD D. MORRIS,** assistant treasurer and assistant secretary; **ROBERT W. HEDLAND,** vp marketing; **RICHARD J. CROWELL,** vp manufacturing, and **THOMAS W. ZOOK,** vp, administration.

BARBARA B. LUCAS has been named vp, public affairs and corporate secretary for Black & Decker. Louise P. Hoblitzell, who had held this position prior to Lucas' appointment, will assist her for several months before leaving the company to pursue other interests. Lucas comes to the company from Equitable Bancorporation in Baltimore where she had been vp, corporate secretary.

Murray Ohio Fills 2 Key Positions

BRENTWOOD, Tenn. — Richard W. Sappenfield has been named president and chief executive officer of Murray Ohio Manufacturing Co. John Anderson, who had held the position since 1982, has been elected chairman of the board of directors, and chairman of the board's executive committee.

Murray Ohio is a domestic manufacturer of bicycles and power lawn mowers that does a majority of its business through discount stores.

Sappenfield, 46, has been president of the Aerospace Structures division of Textron. He has also held positions with North American Rockwell. His primary executive responsibilities have been as head of manufacturing operations.

Thomas Hannon, vice president of marketing for Murray Ohio, said that Sappenfield's "history of being given assignments that involved turning around operations that are in trouble" had been a key factor in his selection for the position.

Murray Ohio had a 1% drop in sales and a 36.7% drop in net income in calendar 1984. Sales for the year stood at $383.6 million, while net income was $7.8 million. That included a $1.4 million credit brought about by a change in accounting procedures.

For the first quarter of 1985, sales were $149.4 million, off 3.9% from the previous year. Net income dropped 41.1% to $3.4 million.

Hannon said the company has been impacted most heavily by the increasing share of the U.S. market being taken by imported bikes. He said that imports now have over 45% of the business here, up from 23% in 1982. "That's caused a tremendous deflation in bikes that has depressed our sales," he said.

Richard W. Sappenfield

Bicycles accounted for over 38% of company sales last year, compared to nearly 47% the year before. Bike sales dropped 18.9% for the year to $147.1 million.

Sales of power mowers, on the other hand, rose 15.3% to $236.4 million, and now account for over 61% of the company's business.

While manufacturing under its own label, Murray also supplies private label mowers to several major mass merchandise and home center chains, Hannon said.

Hannon said that Murray has already begun instituting measures to increase productivity among both administrative and manufacturing personnel in an effort to turn the company around. One of those measures has included a trimming of the company's employee rolls. Hannon wouldn't say how many have been dropped, although he did say there has a been combination of layoffs and attrition.

In addition, Hannon said the company has begun to recast its marketing efforts.

Loss Increases as Volume Drops In Johnson Products' 3rd Quarter

CHICAGO — Johnson Products reported sales for the third quarter ended May 31, 1985, came to $9,254,000, down from $10,459,000 for the same period last year.

Net loss was $1,645,000, or 41¢ per share, vs. last year's same-period loss of $880,000, or 22¢ per share.

Sales for the nine months totaled $29,715,000, compared to $30,386,000 for the same period last year. Net loss was $1,760,000, or 44¢ per share, as compared to last year's nine-month net loss of $1,580,000, or 40¢ per share.

Johnson Products primarily sells beauty aid products to the professional and retail trade. President George E. Johnson explained sales of major retail hair care brands and professional products continued to improve, but not enough to offset lagging sales of older brands and the phaseout of several retail products.

Losses also reflected reduced profits from Debbie's School of Beauty Culture, a company subsidiary.

Quiz Answers: 1a; 2c; 3a; 4b; 5c; 6c; 7b; 8b; 9a; 10c.

Discount Sto ®

THE NEWSPAPER OF DISCOUNT RETAILING

0024037C DS
MS JEANNE LONG
CONGRESSIONAL INFOR SVC 1FD
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

VOL. 24, NO. 17

Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.

$2 per copy

AUGUST 19, 1985

Gilman's Informality Spurs Creativity, Growth at Ames

By AL HELLER

ROCKY HILL, Conn. — It took Herbert Gilman nearly a quarter century to reach the chairman's seat at $2 billion Ames.

The youngest of three brothers, his true measure as a discount executive emerged only after his elders left the business they founded, in 1981.

Gilman today is a man of apparent contrasts at the helm of the fast-growing discounter: A low-key demeanor belies his intensity about the business, which brings him to the office often at 5:30 a.m. His informal way of managing people is a far cry from the strict financial and management information systems disciplines he has imposed. Gilman's knack for extracting meaning from performance printouts isn't often found in a person who also has such enthusiasm for merchandising.

(On Aug. 11, Herbert Gilman will be named Discounter of the Year at *Discount Store News*' annual SPARC Awards banquet in Chicago.)

"We won't hit people over the head for making a mistake. got them to believe that."
—Herbert Gilman, chairman, Ames

"Maybe it's because we used to do everything," he said, referring to his early-years efforts with brothers Milton and Irving. "We set up fixtures, bought and marked goods, ran the registers, lugged boxes and received merchandise. To this day, I crave to understand why each thing happens, so we can make the good better."

Gilman, 60, who considers himself keenly analytical, has quickly scored an impressive track record.

(Continued on page 81)

Service Mdse. Will Leap Into Off-price Apparel Arena

By KAREN PAXTON

NEW YORK — Service Merchandise is using its acquisition of H. J. Wilson as a springboard for the largest off-price apparel program ever attempted by a cataloger.

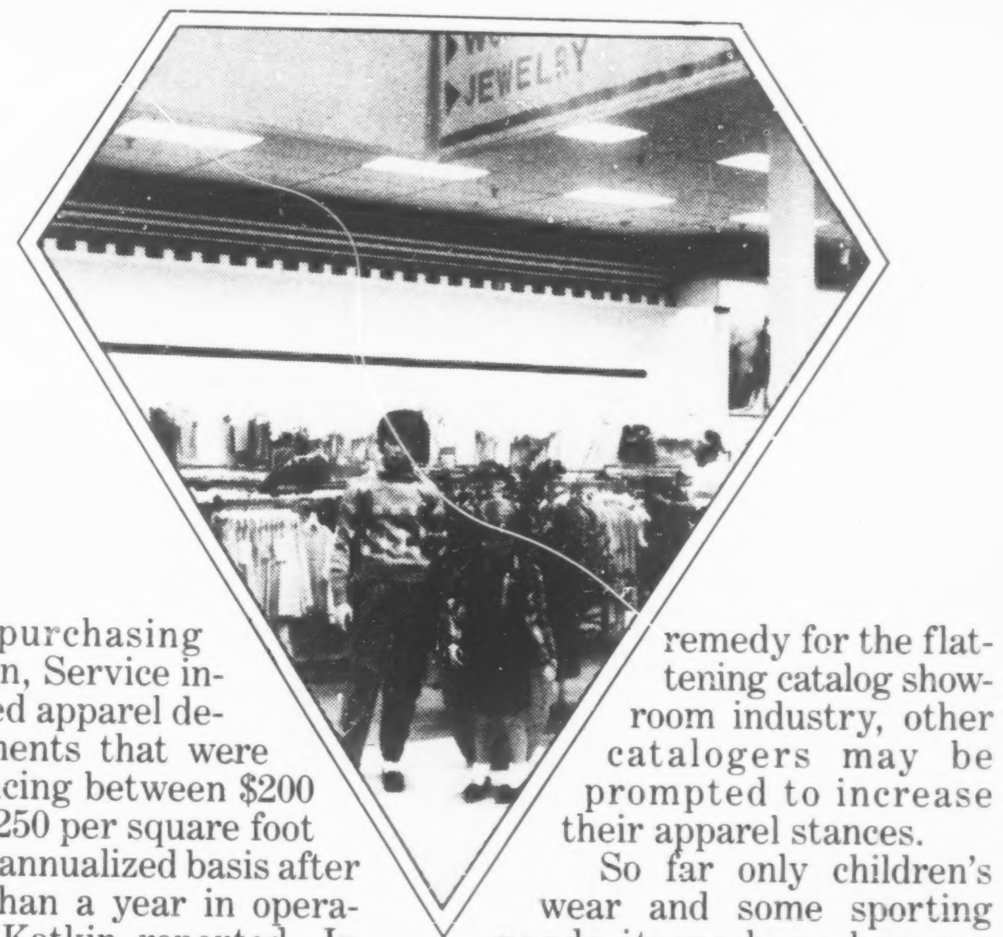
If the move is successful in boosting the chain's sales and earnings it will change the nature of Service's business and could spark similar moves at other showroom chains.

Next spring Service will begin a major rollout of apparel departments that were being used in 14 of the 80 H. J. Wilson stores it purchased last May.

"We will open 20 new departments a year for the next five years," said Steven Katkin, vice president in charge of apparel at Service.

In addition to in-showroom sections, Service envisions the eventual spin-off of a freestanding off-price apparel chain tentatively tagged Service Merchandise Apparel.

Apparel offers Service fatter margins—an average of seven points higher—and a more balanced year-round business than the traditional showroom mix which results in sales and profits concentrated in the fourth quarter, Katkin said.



In purchasing Wilson, Service inherited apparel departments that were producing between $200 and $250 per square foot on an annualized basis after less than a year in operation, Katkin reported. In addition, clothing sales had evened out the stores' volume from 75% of the yearly sales in the fall (September through December) to 60% coming from fall business. Other Service sources pointed out that apparel can also provide a vehicle to boost sales in older Service showrooms, where volume has been flattening out. If Service proves that selling discounted brand name apparel can be a remedy for the flattening catalog showroom industry, other catalogers may be prompted to increase their apparel stances.

So far only children's wear and some sporting goods items have become chainwide programs at catalog showroom chains. The more fashion oriented segments such as ladies' clothing are less attractive to hard lines-oriented retailers. Pittsburgh catalog chain David Weis, for example, recently dropped its ladies' apparel department after its margins in the category were squeezed by an onslaught of off-price appar-

(Continued on page 14)

IN BRIEF

- **GLOSSER BROTHERS IS** now expected to hold its annual shareholders' meeting during the last week of August, according to company executives. The meeting, originally scheduled for June, had been postponed for consideration of offers to purchase the company. To date, say the executives, only a $20-per-share proposal, backed by chairman Leonard Black and president Alvin Glosser, has been approved by the board for presentation to shareholders.
- **GEORGE RUBIN HAS RE**signed as senior vp, soft lines and soft home, at Gold Circle to become vp, dmm, for the Lerner Shops division of The Limited. At presstime Gold Circle had not replaced Rubin.
- **MARS STORES AN**nounced plans to open its 20th discount store, a 52,000-sq.-ft. unit in Dudley, Mass., in March.

Parallel-Import Foes Defeated

WASHINGTON — Federal legislation ordering the U.S. Customs Service to block "parallel imports" of so-called "gray market" merchandise to discount chains came within a whisker of passing Congress earlier this month.

But fast footwork by discount industry lobbyists prompted a last minute about-face by the Senate Appropriations Committee and a stunning legislative defeat for foreign manufacturers seeking to choke off "unauthorized" chain supply sources.

The original bill—actually an obscure amendment to the pending Treasury Department appropriations legislation—was engineered through the Senate Treasury Subcommittee by gray market critics led by Sens. Dennis DeConcini (D-

(Continued on page 81)

Count to Rise 27% in '85

Closeout Stores Close in on 780 Total

By ARTHUR MARKOWITZ
Special Projects Editor

The $1 billion-plus closeout specialty store industry, sparked by the rapid expansion of a half-dozen chains, will see about a 27% growth in stores this year and another 20% gain in 1986.

The growth to more than 780 units this year comes as the industry coalesces into a handful of distinct merchandising formats and expansion programs.

30 Top Closeouters: P. 82

Many chains—including such industry leaders as Pic 'N Save, Odd Lot, C.O.M.B. and Consolidated Stores—are adding continuity merchandise and/or strengthening their direct importing of goods, to offer shoppers a broader selection while boosting their bottom line.

Odd Job's spartan fixtures and cut-case displays contrast markedly with the decor of the former Hotel New Yorker ballroom, which has become the closeout retailer's seventh store. *(DSN photo)*

A number of smaller chains, on the other hand, have staked out specific market niches. Odd Job, for example, relies on just name brand domestic and European closeouts, while U.S. Factory Outlets is the closeouter for more than 200 different soft goods vendors. Rockwell Salvage focuses on higher-ticket home furnishings and building supplies such as kitchen cabinets, domestics and hardware as its core merchandise.

As the larger closeouters add continuity and imported goods, smaller salvage retailers like

(Continued on page 82)

What Happened When Drug Emporium Invaded K mart's Turf? P. 43

Hardware Show: Pp. 21-39

APAA Show: Pp. 53-72

Index

Apparel............................ 12-14
Catalog Showroom News......... 17
Classified 76-80
Consumer Electronics............ 51
Discounter Management
Development Series............74
Editorial Page 9
Executive Changes................ 49
Manufacturer News............... 75

Discounters Try to Reduce Swelling Health Care Costs

By BETH A. SEXER

- Jamesway is increasing employee deductibles from $100 to $150 beginning next year.
- Service Merchandise has instituted a reward program for employees who find errors in their hospital bills.
- Gold Circle and Richway have begun to require second opinions before surgery is covered.

Discount retailers are trying to keep pace with the rising cost of health care.

Several discounters reported the cost of providing health care insurance for their employees has been rising at a rate of 10% to 20% per year and say they don't expect to be able to totally halt increases in the face of escalating medical costs and inflation. However, they say they are taking steps to guard against even larger cost jumps.

Strategies implemented by retailers and other corporations include sharing more of the financial burden for medical costs with employees; reducing unnecessary treatments and surgical procedures by requiring employees to seek second opinions; encouraging employees to opt for outpatient treatment as opposed to hospital stays and helping employees pursue a healthier lifestyle.

With these steps, retailers have joined a nationwide trend toward containing health care costs. According to an annual national health expenditure report, due this fall in the *Health Care Financing Review* (a publication of the Health Care Financing Administration, a federal agency), health expenditures in the United States rose 9.1% between 1983 and 1984, the lowest level of increase in 20 years. Percentage increases have been steadily declining since 1980, the peak year for rising spending—between 1979 and 1980, health care spending rose a record 15.3%.

Corporate efforts to contain the cost of health care is one reason the nation's overall health expenditures have fallen, states the annual report.

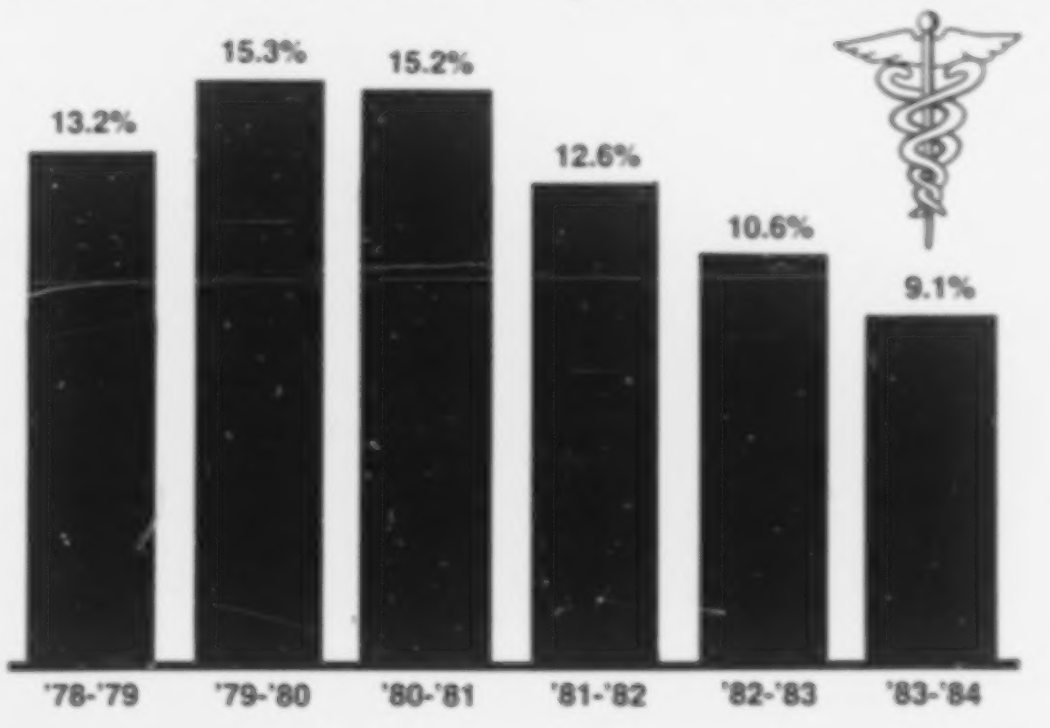
A surge in health care costs in the early 1980's made companies, including retailers, take notice, and beginning around 1982, they began to act. Said Jamesway vp, personnel Jerry Fitzgerald, "1982 was the year when we all first became aware of the spiraling costs and started to become more active in seeking ways to offset those costs."

That struggle is an ongoing one, with discounters like Jamesway, Service Merchandise, Richway, Gold Circle, T.G. & Y. and Rose's continuing to develop a mixed bag of strategies aimed at attacking costs from several angles.

Starting in 1986, Jamesway employees will have to satisfy a $150 deductible per person, as opposed to the current $100 deductible before moving to an 80%/20% co-payment insurance plan, said Fitzgerald. Any Jamesway employee working over 28 hours per week is entitled to the medical benefits plan, he added.

(Continued on page 82)

*National Health Spending Rise**



**Figures include spending by individuals, administering public health programs, net cost of private health insurance and research and construction costs of private medical facilities.*

Source: Health Care Financing Review.

Chains Adopt Varied Programs To Encourage Staff 'Wellness'

Nationwide DSN Report

In a recent "fight flab" program, conducted about twice a year by Service Merchandise, almost 1,200 employees pledged $5 they would lose 10 lb. or more by the end of three months.

At the end of three months, 336 winners (or losers) split the pot, each becoming, beside at least 10 lb. poorer, $36.18 richer, said Gregg Conroy, manager of employee benefits.

Discounters agree programs like these that encourage "wellness" among employees do not have an immediate—or measurable—impact on decreasing health care costs. However, they are being used more and more to promote awareness about health issues and to urge employees to participate in activities that in the long run may help prevent illnesses.

"We've raised deductibles. We've increased employee contribution, put in co-insurance levels, encouraged outpatient treatment—our alternatives are running short. So now we're looking at other ways to encourage healthful lifestyles," said Roger Smith, manager of group benefits for Federated, parent company of Richway and Gold Circle.

(Continued on page 82)

Redone Richway Gives Men's Center Turf

Center-of-the-store location and fashion displays for men's wear are among key features of Richway's new Atlanta prototype store. Story, photos on page 73.

Shareholder Suits Attack Proposed SCOA Buyout

COLUMBUS, Ohio — Five separate shareholder lawsuits challenging the proposed $637 million leveraged buyout of SCOA Industries have been filed in Delaware courts.

The suits, according to attorneys for the shareholders, are expected to be combined into a single class action challenging the offer as "grossly inadequate," and seeking "fair value" for SCOA stock.

In a separate action, Lincoln Capital Management Co., a Chicago investment consultant for pension funds, which holds 7% of SCOA's outstanding shares, has filed a 13D statement with the Securities and Exchange Commission calling the offer inadequate.

SCOA attorneys say they don't expect the actions to delay the issuance of a proxy within the next 30 days detailing the $637 million offer made by a group that includes four present and past SCOA executives. The offer calls for stockholders to receive $30 in cash and $5 in liquidation value of a new class of junior preferred stock for each SCOA share.

SCOA's board had obtained fairness opinions on the offer from two investment banking firms, Shearson Lehman Brothers and Bear, Stearns & Co. They advised that it was "fair to holders from a financial point of view."

A Lincoln executive said the offer was "on the light side" as it doesn't offer any premium over the stock's price on the day the proposed buyout was announced.

He said an offer that was just all cash, didn't include the "junk preferred," and was $2-$4 more than the buyout's $35 package would be a "realistic" price and a "fairer deal." The higher offer, he added, would still allow the buyout group to put together and finance a deal.

"There is a limit on what they can pay [to shareholders] and still do a leveraged buyout," he said. "The $35 package isn't worth $35" as the preferred stock "is a low quality dividend that's unlikely to pay any money in its first four years and isn't worth $5," he added.

The buyout group is headed by the Thomas H. Lee Co., a Boston firm that specializes in such deals, working with Drexel Burnham Lambert, a New York securities company. It includes at least four current and past SCOA family executives: George R. Friese, president; Larry Voelker, vice president-finance and treasurer; Herbert H. Goldberger, a director and retired president of the subsidiary Hills discount store division, and Stephen H. Goldberger, his son and current Hills president.

SCOA has hired a public relations firm to field questions about the buyout. A spokesman said "we regard the class action suit as completely without merit."

Referring to Lincoln's contention, he added: "We feel there is a premium in the buyout price; the proxy will show that SCOA was in discussions with other parties and the buyout offer was the best available terms."

Downplaying the threat of the class action suit, an SCOA attorney said such suits "aren't unusual in mergers."

He asserted: "There have been lots of rumors about an acquisition of SCOA, and this boosted the price. If there hadn't been expectations of a takeover, I doubt the price would be this high. The price has a built-in premium, especially if compared to the lower price the stock traded during the past 12 months."

Last year, the stock's price ranged from 19¼ to 29, while this year the price has moved in a 22½ to 33 range and has hovered around 31 to 32 in recent weeks.

"The market has spoken," the public relations spokesman said.

(Continued on page 81)

Seen Eliminating Inequities

Discounters Support Reagan Tax Plan

WASHINGTON — Discount chain industry leaders are rallying to support President Reagan's tax "reform" plan as a vehicle for easing the tax bite on retailers and eliminating "inequities" in the present system.

Representatives from the Association of General Merchandise Chains offered a solid endorsement of the administration's proposal late last month, maintaining that the tax "simplification" legislation advanced by the White House will produce a "more even-handed tax system [which] would better recognize the contribution that the retailing and service industries make to the overall economy."

Officials from the National Mass Retailing Institute have adopted a similar position and are planning a major "grassroots" lobbying campaign early next month aimed at pressuring Congress to act on the President's tax plan this session.

"Although there are provisions in the administration's pending tax reform legislation which would affect our members adversely, on balance the changes proposed by the President are good for retailing and good for the country," NMRI Government Relations Vice President Robert Verdisco told *Discount Store News*. "We believe the reforms contained in this legislation will be very helpful in correcting the unfairness in the present tax system."

K mart Executive Committee Chairman Robert Dewar struck a similar note in testimo-

(Continued on page 82)

Robert Dewar

1st Half Fine After Surge In 2nd Qtr.

By ARNOLD REINHARD
VP, Sales/Marketing,
Schreiber Co.

Overall business in the first half of 1985 ended up fine. There was some slack in the first quarter of the year, but the business came up quite a bit in the second quarter.

One thing that hasn't slacked is retailers' promotional levels. Not too many are raising their promotional expenditures, but I don't know of anybody that's cut them.

PMA PRODUCT MOVEMENT AUDIT

Hand tools are doing well, with power rules continuing to be a popular category. A particularly good promotional piece was the Stanley 33-312 12-ft. power rule, at a common ad price of $7.99. Another good mover was the Arrow JT-21 staple tacker.

Coming up in the fall, you'll see sledgehammers and axes will get much stronger promotional support and movement.

The power tool business has been kind of flat this year, with

(Continued on page 26)

HAND TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Arrow T-50 Staple Gun Tack	657	16.97	11,148.96
2	Stanley 11-921 Heavy Duty Blade	8,422	1.27	10,687.52
3	Stanley 33-312 12' Power Rule	972	9.18	8,922.96
4	Stanley 33-425 25' Tape Rule	641	13.43	8,610.23
5	Juri B-103 Tool Holder	705	11.39	8,032.77
6	Stanley 33-212 12' Power Rule	979	7.28	7,123.69
7	Stanley 34-500 L. Tape 100'	515	11.88	7,104.42
8	Arrow T-55 Staple Gun Tack	515	13.70	7,096.79
9	Stanley 10-099 Retract Knife	2,027	3.44	6,976.80
10	Arrow JT-21 Staple Tacker	729	9.13	6,652.85
11	Juri N-453 Nail Bag	626	10.19	6,380.51
12	Stanley 42-248 48" Alum Level	488	12.68	6,186.13
13	Stanley 51-616 16 oz. Hammer	1,000	5.90	5,899.50
14	Stanley 30-516 16' Tape Rule	753	7.67	5,899.50
15	Stanley 33-116 16' Power Rule	501	11.39	5,708.39

LOCKS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Harlock T-700 US3 Entry Module	3,120	10.95	34,157.76
2	Master 1500D Comb Padlock	3,139	3.40	10,678.88
3	Harlock UR 700-M-DL US3 Entry	676	14.60	9,870.95
4	Harlock T-700-DL US5 Entry	652	11.62	7,567.24
5	Master 500D Padlock 1⅞	2,819	2.55	7,182.81
6	Master 22D Padlock1½"	3,438	2.00	6,882.88
7	Ideal SK600 Knob Lock	1,061	6.20	6,580.32
8	Ideal 45-3024 Nite Latch	1,061	5.98	6,342.66
9	Ideal SK85 Pneumatic Close	1,308	4.77	6,244.39
10	Ideal SK11AC Pushbutton Latch	735	6.36	4,671.66
11	Harlock UM700 USS Entry Module	258	17.22	4,442.76
12	Master ID Padlock 1½"	705	6.05	4,265.84
13	Ideal SK11 Pushbutton Latch	650	6.36	4,131.40
14	Harlock HJ 700 M-DL US5 Entry	267	15.30	4,085.63
15	Ideal SK980 Pushbutton Latch	624	6.36	3,966.06

PLUMBING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Meld 1501 Basket Strainer	6,163	1.55	9,561.84
2	Meld 1603 Ballcock Brass	755	10.95	8,265.36
3	Meld 14206 6" Plunger	5,663	1.45	8,211.35
4	Meld 18016 6' Fem x Fem	2,267	3.58	8,119.26
5	Meld 1600 Toilet Tank Kit	1,184	6.50	7,691.26
6	Meld 1660 Survo-Flush Kit	1,153	5.97	6,888.02
7	Meld 1619 Flapper Ball	4,726	1.41	6,647.12
8	Meld 3525 Shower Massage	384	17.21	6,609.22
9	Meld 1422 super Plunger	1,836	3.26	5,989.95
10	Meld 361 Guardsman W/Adj	749	7.48	5,604.02
11	Meld 1601 Ballcock Plastic	1,228	4.48	5,502.05
12	Meld 19012 Sink Strainer	870	6.25	5,437.50
13	Meld 373 Shower Massage	522	10.25	5,351.28
14	Meld 360 Executive Head	1,101	4.50	4,949.00
15	Meld 1408 Plumber Repair Kit	2,486	1.90	4,722.16

LIGHTING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Power Ap 15 x 12 UNd Cab Lit	4,255	8.97	38,167.35
2	Jama 75 20 Glass/8 Lite	367	84.38	30,965.63
3	Powr C54B Circline 2 Lite	619	35.63	22,051.88
4	Jama 80 12 Glass/6 Lite	203	65.63	13,321.88
5	Jama 73 6 Glass/3 Lite	380	32.82	12,471.60
6	Powr GL240 Grid Lite 2 Lit	459	21.96	10,079.64
7	Dval 9800PB Wall Fixture	928	10.05	9,326.40
8	Powr St120 24" Strip	726	10.07	7,307.19
9	Powr ST14) RS Sing Strip	456	15.60	7,113.60
10	Dval 9708WH Ceiling Fixture	1,197	5.91	7,074.27
11	Dval 9708PC Ceiling Fixture	789	8.48	6,686.78
12	Dval 9703PB Ceiling Fixture	629	10.29	6,742.41
13	Powr C32B Circline 1 Lite	187	33.03	6,176.41
14	Dval 7339AB Ruffl Ceil 3	165	35.67	5,885.55
15	Dval 9501WH Ceiling Fixture	437	13.29	5,807.73

(Continued on page 26)

Click! Rangefinder Camera Biz Soars

NEW YORK — Shipments of rangefinder cameras soared 123% over the last two years, according to a survey just released by *Modern Photography News*.

In 1984, 2,900,000 rangefinder cameras were shipped compared with 2,400,000 in 1983 and 1,300,000 in 1982. The rapid growth has been fueled by the public's embrace of the novel features, especially automatic focus, now incorporated into many of these units.

The gross national photo product—a measure of total photographic activity, including industrial and applied markets as well as copier shipments—reached a record $16.7 billion for 1984, up from $16.2 billion in 1983.

Jamesway Plans Md., Va. Openings

SECAUCUS, N.J. — Jamesway is planning two mid-October store openings, in Aberdeen, Md., and Warrenton, Va.

The 50,000-sq.-ft. Aberdeen store will be the fourth the company operates in Maryland. Two units are located in Laurel and Pasadena, with another store opening in Odenton during the summer.

The 43,000-sq.-ft. Warrenton store will be part of a new strip center at the convergence of Routes 15, 29 and 211. Other company operations in the state are located in the cities of Sterling and Culpeper.

READ
CLASSIFIED ADS

Acme Brush Corporation...
Job Rated™ Program
THE LOOK OF SUCCESS IN BRUSH AND ROLLER MERCHANDISING

QUALITY DECISION
Paintbrushes—Three distinctive qualities of Job Rated™ Best, Job Rated Better, and Economy. Each quality contains ingredients and formulations designed for performance to that quality. All synthetic brushes in this program are made of Excel-R,™ the first new filament in over a decade. Not only is it new, but the feel is superior to other products on the market. The extra length and fullness make all Excel-R paintbrushes superior performers.

Paint Rollers—Two qualities of paint rollers Job Rated Best with 7 SKUs, each for a specific surface, and one Economy SKU for latex flats.

THE BUYING DECISION
Each quality and end-use product line has different-colored packaging with vivid descriptions to quickly identify the quality of the product and the end painting use that it is designed to perform for the consumer.

The total concept of this program is to sell the customer up to Job Rated Best quality in paintbrushes and rollers. It is designed to provide your customers with ease of selection by quality and end use. It will enhance your turns, gross margin, and profit of the total paintbrush and roller program in all your store locations.

BEST QUALITY
3"
ALL HOUSE & TRIM PAINTS
ALL HOUSE PAINTS
ALL WALL & CEILING PAINTS
ALL FLAT WALL PAINTS
OIL PAINTS & ENAMELS
ALL ENAMELS VARNISH
Job Rated
ALL HOUSE & TRIM PAINTS
ALL WALL & CEILING PAINTS
OIL PAINTS & ENAMELS
LATEX & OIL PAINTS
Painting Accessories
Excellence

1985 Winner of
Gold Drummer Award
for Merchandiser
Display

Stop at Booth 374 & see our new "Job Rated" program at the National Hardware Show!

ACME BRUSH CORPORATION • Wooster, OH 44691-0227

1st Half Fine

(Continued from page 25)

no item capturing the consumer's imagination. This year, we haven't seen quite the trade-up trend that was experienced in the first half of 1984. In general, though, people are still looking for a solid combination of quality and value: More than trading up in price, they're trading up in value. They're willing to spend a little more to get a solid tool.

The greatest strength has been in basic hardware; fasteners and builders hardware, which have been steady and strong. The continuation of the DIY trend has definitely helped that business.

The majority of purchasers of these kinds of products in the discount stores are for small projects, repairing and replacing kinds of projects, rather than people working on large projects from scratch. It's a strong steady business, with lots of gross margin for the retailer. Margins are running about 50% here.

Security is still very strong, with lock sets the strongest performers, both on promotion and as basic business. The basic business comes from the guy working on a single door; promotions draw the customer who has decided to replace hardware on a series of doors. The hottest promotional piece for us was the Harlock T-700 Entry Module at about a $8.99 retail, vs. $10.99 every day.

(Continued on page 27)

CAULKS, LUBRICANTS & SEALANTS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	G.E. 5000 Silicone II Clr	9,133	4.90	44,760.83
2	Dap 14150 6 oz Kwikseal	16,745	1.78	29,864.71
3	G.E. 5070 Silicone II Wht	6,055	4.90	29,675.55
4	G.E. 5010 Silicone II Wht	5,370	4.90	26,318.37
5	Weld 0164 Panel Weld 10 oz	18,850	1.20	22,685.98
6	Dap Qt vinyl Spakl Paste	7,336	2.80	20,529.80
7	Bord E701 Wood glue 8 oz	11,389	1.81	20,642.56
8	Durc Supl Super Glue	19,527	1.02	19,819.91
9	Krax 240CD Krazy Glue	18,600	1.02	18,879.00
10	Dap qt 33 Glazing Compound	5,015	3.67	18,397.53

PAINTS & STAINS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Luct 50 White Gal	24,279	13.61	330,461.46
2	Luct 2386 Ceiling Wh Gal	21,197	11.14	236,115.77
3	Luct 2360 White Gal	18,492	11.14	206,019.37
4	Luct 1699 White Gal	6,173	15.05	92,928.34
5	Luct 1800 White Gal	3,852	14.74	56,786.18
6	Ctrp 1610 Sup Spar G1 Gal	2,200	24.21	53,253.20
7	Luct 2329 Antique Wh Gal	4,177	11.14	46,535.96
8	Luct 2250X White Gal	2,148	14.22	30,548.86
9	Luct 1629 Antiq White Gal	2,020	15.05	30,409.08
10	Ctrp 1610 Sup Spar G1 Qt	3,930	7.59	29,820.84

PAINTING TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Hyde 0485 Wall Scr 6"	7,665	2.77	21,200.52
2	Hyde 13050 Razr Scr & Blades	11,440	1.26	14,431.56
3	Hyde 09100 10" Taping Kn	1,855	7.53	13,959.80
4	Hyde 09410 Corner Tool	1,865	7.48	13,953.93
5	Hyde 04700 Wall Scr 4.5 F	5,209	2.26	11,782.76
6	Hyde 2850 6" Joint Knife	2,255	4.96	11,182.55
7	Hyde 09710 10" Knife	1,375	7.96	10,945.69
8	Hyde 04100 Putty Knife 1.5 F	7,147	1.46	10,862.20
9	Hyde 02750 Wall Scr 5" F	1,865	5.50	10,249.11
10	Hyde 09058 Precut drywall	2,285	4.38	10,006.02

PAINT APPLICATIONS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Woos B5090 9" R1 Cvr Latx	15,324	1.33	20,442.22
2	Woos B5092 9" R1 Cvr Enml	11,532	1.62	18,727.97
3	Padc 3760 Tex Paint Set	2,346	7.95	18,641.32
4	Woos B6921 9" Promo kit	5,460	2.62	14,329.77
5	Woos B5094 3Pc Paint Kit	2,998	4.76	14,258.49
6	Woos B3221 3" Better Brush	3,900	3.18	12,384.45
7	Woos B5093 9" R1 Cvr Ruff	5,792	2.02	11,673.78
8	Padc 1050 9" Spatter Shield	2,664	4.26	11,356.63
9	Padc 3765 9" Tex Cover	3,144	3.29	10,348.48
10	Pama 3725-04-01 3Pk Brush	8,405	1.22	10,237.29

(Continued on page 27)

Barbecue Grill Biz Up in '84

NAPERVILLE, Ill. — Barbecue grill sales for 1984 were up 292,396 units over 1983—to 13,315,766 for the 12 months ended Aug. 31, according to estimates of the Barbecue Industry Association.

This year consumers will spend an estimated $1.1 billion on barbecue grills and accessories, according to the association's projections, which are based on a survey of grill manufacturers.

Approximately 125 million grills are currently owned in the U.S., nearly two per barbecuing household, according to association figures.

Forecasts for the next 10-year period suggest that sales of grills will total 140 million and charcoal sales an estimated 16 billion lb.

Jamesway Unit Is Being Rebuilt

SECAUCUS, N.J. — Jamesway has begun rebuilding and expanding its North Warren, Pa., unit, which burned down in a March 1985 fire.

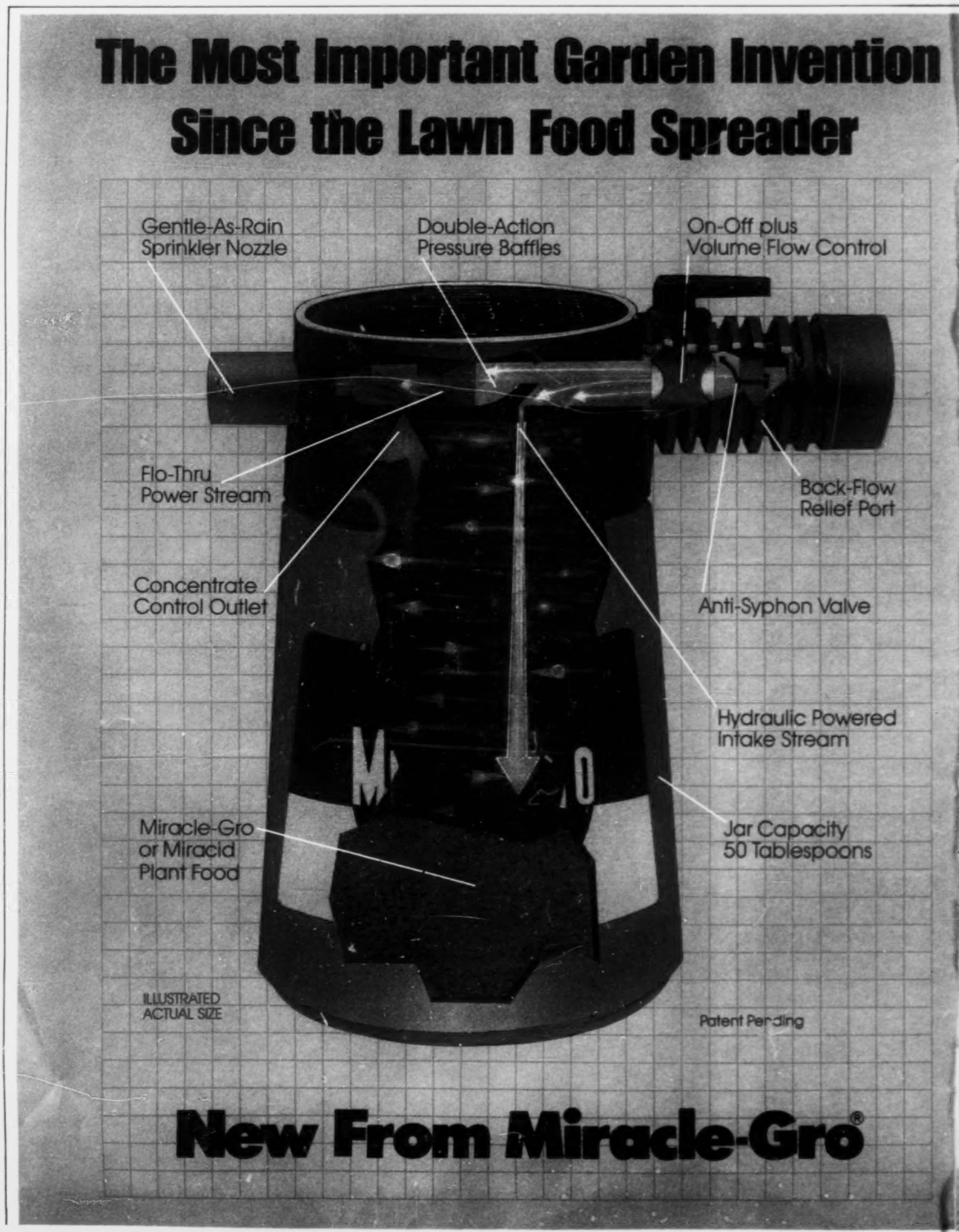
The unit was the fifth store of the chain, first opened in 1965.

It will be expanded from its original 42,000 sq. ft. to 47,000 sq. ft. The company's standard beige, brown and orange color scheme and center-core configuration will be part of the new store plans.

Jamesway operates 85 stores with a reported volume of $475 million last year.

Dollar Gen. Payout

SCOTTSVILLE, Ky. — Dollar General Corporation declared a quarterly dividend of 5¢ per share payable Aug. 9, to shareholders of record July 25.


The Most Important Garden Invention Since the Lawn Food Spreader
Gentle-As-Rain Sprinkler Nozzle
Double-Action Pressure Baffles
On-Off plus Volume Flow Control
Flo-Thru Power Stream
Back-Flow Relief Port
Concentrate Control Outlet
Anti-Syphon Valve
Hydraulic Powered Intake Stream
Jar Capacity 50 Tablespoons
Miracle-Gro or Miracid Plant Food
ILLUSTRATED ACTUAL SIZE
Patent Pending
New From Miracle-Gro®

HARDWARE SHOW

ELECTRICAL

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Epak Moc-6C Multi-Outlet	1,343	16.82	22,589.26
2	Elec Moc 4C Multi-Outlet	996	15.02	14,961.91
3	Levi 800-274 3 Way Adapter	13,647	0.80	10,905.02
4	Levi 801-6671 Dimmer	1,778	4.16	7,399.15
5	Genc 12-2-50 Romex NM	710	10.21	7,247.68
6	Levi 800-1406 Socket Adapter	3,721	1.91	7,121.99
7	Levi 800-697 Plug Outlet	2,579	2.71	6,992.96
8	Genc 12-2-100 Romex NM	341	19.44	6,630.52
9	Levi 800-7090PG Knob Sock	2,849	2.15	6,113.95
10	Levi 800-6098PG Butt Sock	3,270	1.77	5,784.63

BATTERIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Dura MN150084 AA Size 4Pk	76,267	2.99	228,251.87
2	Dura MN130082 D Size 2Pk	91,678	2.24	205.238.70
3	Dura MN140082 C Size 2Pk	90,667	2.24	202.985.27
4	Ever E91BP-4 AA Alk Batt	67,702	3.00	202,814.88
5	Ever E93BP-2 C Alk Batt	82,315	2.23	183,809.39
6	Ever E95BP-2 D Alk Batt	78,376	2.23	175,013.60
7	Dura MN1500B2 AA Size 2Pk	67,966	1.68	114,023.15
8	Dura MN1604B 9 Volt 1Pk	50,301	2.24	112,613.87
9	Ever 522BP 9V Alk Battery	44,351	2.23	99,035.78
10	Ever E91BP2 AA Alkaline	56,916	1.68	95,732.71

POWER TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	B&D 9330 Dustbuster	4,361	31.83	135,606.32
2	B&D 7308 7¼" saw	659	40.48	26,673.03
3	B&D 7127 ⅜ Vari Rev Dr	759	29.10	22,089.90
4	B&D 9360 Spotlighter	730	26.29	19,189.88
5	B&D 7391 7¼" Circ saw	323	54.39	17,567.16
6	B&D 9333 Dustbuster Plus	397	41.30	16,396.10
7	B&D 7104 ⅜" Drill	615	21.61	13,291.69
8	B&D 7404 Sander	435	26.81	11,663.44
9	B&D 9385 Scrubber	244	46.41	11,324.65
10	B&D 71-013 13 Pc Bit St	1,132	9.44	10,683.25

BLACK & DECKER ACCESSORIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	B&D 71-120 Hoel Saw Asst	491	9.74	4,784.30
2	B&D U2499 Router Bits	416	11.43	4,753.22
3	B&D 71-382 Mag Bit w/hld	680	6.77	4,604.62
4	B&D 70-404 ⅛" Drill Bit	3,010	1.44	4,320.86
5	B&D 73-369 7¼" Carbde	520	8.21	4,267.64
6	B&D 730107 7¼" Comb	758	4.10	3,110.45
7	B&D 70-436 ½" drill Bit	570	5.16	2,942.34
8	B&D 73-047 Plywdbld 7¼	918	2.97	2,728.76
9	B&D U1337 Dial A Blade	458	5.71	2,616.55
10	B&D 7436 Sander	54	- 48.33	2,609.74

Source: Schreiber Co., a hard goods distributor based in Lititz, Pa. Figures are for February-June 1985. The firm serves 600 discount stores in 19 mid-Atlantic and East Coast states. Average price points reflect typical price points for discount chains.

1st Half Fine

(Continued from page 26)

Paint sundries have been very good for us. It's the paint sundries business that is supporting the paint category for many retailers.

For us, paint has been up; we've had a good year. Like in the power tools, the sundries category has become a value/price oriented situation. When we're able to move 900 brushes with a regular $6.99 price, that says something. We're doing a lot more business in $6 and $7 brushes, vs. $3 and $4 brushes, than in the past.

Strengths Examined

Promotional painting sets and kits have also been very good. The Padco paint set at $7.95 retail was a particularly good promotional item in the spring. Roller and tray kits in general moved well. As a category, applicators and rollers were good, expecially the EZ paint roller line.

In electrical, multioutlets and dimmers were the best movers, particularly on promotion. The same could be said about the Levi 801-6101 night light.

More Winners

In caulks, we continue to see the increasing domination of silicones. The day of the oil-based kind of caulking is on the wane. Three of the top four dollar-producing caulks are silicones. That wasn't true as recently as two years ago, when the cheaper caulks were predominant. For example, the DAP 18200 Rely On Oil at 96¢ retail does much more unit volume than the silicone products, but generates far fewer dollars.

The battery business is seeing at least one moderate change. AAA-size batteries are coming on much better. AA still dominates, but an AAA 4-pack that just came out is doing very well for us. That's probably tied to the increase in small electronic products that use them.

Silverman's Has 'Buy Ohio' Sale

CLEVELAND — "Sam Walton's buying American. We're trying to localize a little and buy Ohio."

With those words, Alan Silverman, president of Silverman's, a seven-store discount chain headquartered here, explained the chain's first "Buy Ohio Sale."

Silverman's rounded up 18 made-in-Ohio items from different departments to feature in an ROP ad in the *Cleveland Plain Dealer.* Shoppers were given the chance to buy on sale everything from a TV cart made in Archibald to popcorn grown in Marion.

Why It Was Done

The chain's merchandise coordinator, John Micca, explained the five-day sale was a way of "letting our customers know that we are an Ohio customer buying from Ohio manufacturers, doing what we can to stimulate the economy."

Although shoppers' reaction to the "Buy Ohio" theme was difficult to measure, said Micca, the campaign apparently was appreciated by Gov. Richard Celeste, who sent the chain a note of thanks.

Silverman's is planning a rerun for the fall and will now tag made-in-Ohio products with the manufacturer's city whenever they are featured in regular chain ads.

THE NO-CLOG GARDEN FEEDER
IT'S 100% AUTOMATIC!
Feeds up to 1250 sq. ft. in 12 Minutes*
No Suction Tube — No Strainer
No Measuring — No Mixing — No Stirring
It even cleans itself, automatically!

It's Hydraulic Powered. Nothing to go wrong!

Other hose-end garden feeders depend on vacuums and suction tubes. But as you know from sad experience, vacuums fail and suction tubes clog.

The new Miracle-Gro Garden Feeder works on an entirely different engineering principle . . . hydraulic power! There are no suction tubes to clog . . . no vacuums to fail . . . nothing to go wrong.

Feeds 1250 sq. ft. lawn or 50 big tomato plants in just 12 minutes*

Other hose-end feeders can't dispense more than 15 tablespoons of plant food to the jar . . . enough for just 150 square feet. That's the maximum concentration of plant food that can pass up the suction tube without clogging.

The Miracle-Gro No-Clog Feeder is totally different. There's no pre-mixing. You put dry plant food in the jar — as much as you like, up to 50 tablespoons. Hydraulic power dissolves the plant food automatically as you need it, in proper proportion — creating an ideal fertilizer solution. The No-Clog Feeder is totally effective dispensing any amount of plant food — from 2 to 50 tablespoons. No job too big or too small.

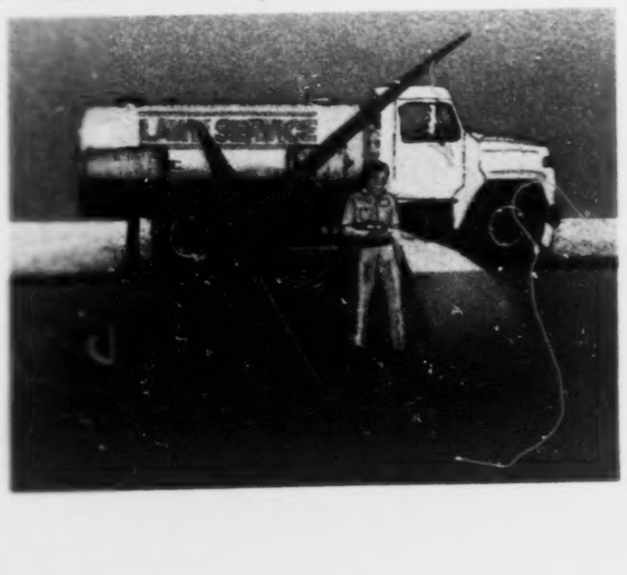
Makes it easier than ever to feed with Miracle-Gro

Use the No-Clog Feeder with all varieties of Miracle-Gro (All-Purpose, Tomato, or Rose Food), as well as Miracid. Use it any time your plants need feeding.

Eliminates need for costly Lawn-Feeding Services

Because No-Clog Feeder treats large areas so thoroughly, so quickly, so easily, homeowners have no need for expensive professional lawn feedings. It brings customers back to the garden store.

*With normal water pressure



Featured on National TV with James Whitmore

Seen by millions of viewers on all 3 major networks — featured on top rated programs such as "60 Minutes," "20/20"

No Mixing. No Measuring. Pour any amount of dry Miracle-Gro into jar.

With the No-Clog Feeder, you just pour dry Miracle-Gro into the jar . . . No mixing, no measuring, no stirring. The No-Clog Feeder fills itself with water automatically and proportions the solution perfectly (one tablespoon to one gallon of water) for flowers, vegetables, shrubs, evergreens, foundation plants, trees, lawns, whatever you grow.

How it works

Hydraulic pressure drives a tiny high-powered jet of water into the jar . . . mixes and proportions the plant food and water automatically. Then it forces the concentrated mixture out of the jar into the powerful mainstream of water. The nozzle converts the stream into a gentle-as-rain spray pattern . . . can't burn even tender young plants.

Cleans itself automatically

When you don't see any more Miracle-Gro (or Miracid) crystals in the jar and the solution in the jar starts to turn pale in color, it's telling you that the plant food is almost completely dispensed. To clean your No-Clog Feeder automatically, just hold it upside-down while the water is running. In a minute or so, (while you are feeding your lawn or garden), the jar will empty and flush itself clean. It's all automatic.

Greatest garden invention since the lawn food spreader

The No-Clog Feeder will change the way America uses fertilizer. Now feeding lawns and gardens is so easy. Garden retailers will profit a hundred times over with increased sales of Miracle-Gro for every feeder sold. Recapture lost sales when former users of professional lawn-feeding service return to garden stores.

IMPORTANT

The No-Clog Feeder was specifically designed to proportion Stern's Plant Foods exclusively. It should not be used with other fertilizers or insecticides, or herbicides.

FREE In-Pack Gift for your customers

FREE 1 lb. of Miracle-Gro Plant Food worth $3.75 packed in every jar — ready to use. Makes the Feeder (Suggested Retail Price $8.99) an even better buy.

Great display package for automatic shelf-sell

This package acclaimed best merchandising in garden industry. Proved in test markets! Complete instructions printed on back of display card.

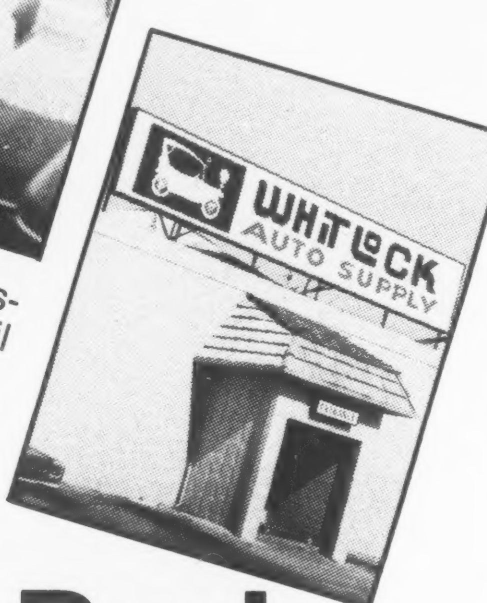
Built-in Anti-Back Flow Valve meets all gov't. requirements.

NEW
Fast, Easy Guaranteed Trouble Free
TV
NO-CLOG
Garden Feeder
No tube to clog • No strainer to clean
No mixing • No measuring
Miracle-Gro
GARDEN FEEDER
FREE! 1 lb. Miracle-Gro.

Miracle-Gro®
NO-CLOG
Garden Feeder

© 1985 Stern's Miracle-Gro Products, Inc.

PEP BOYS
GRAND AUTO
AUTO PARTS
CREDIT GLADLY
SHOCK ABSORBERS



Automotive Chains

Chain (Hq. State)	Volume (Millions) Last Completed Fiscal Year	Number of Stores 1/84	1/85	1/86
Western Auto (Mo.)	$698[A]	2,556	2,269	N/A
Pep Boys (Pa.)	348	124	135	160
OTASCO (Okla.)	300*[A]	669	550	550
Lucky Automotive Div. (Ariz.)	275*[B]	439	459	431
White Stores (Tex.)	179	344	323	303
Chief Auto Parts (Tex.)	169*	296	337	N/A
Grand Auto (Calif.)	154	86	86	115
Nationwise (Ohio)	150*	135	140	165
Whitlock (N.Y.)	100*[C]	74	61	80
Perry Auto Works (Mich.)	81[D]	61	110	180

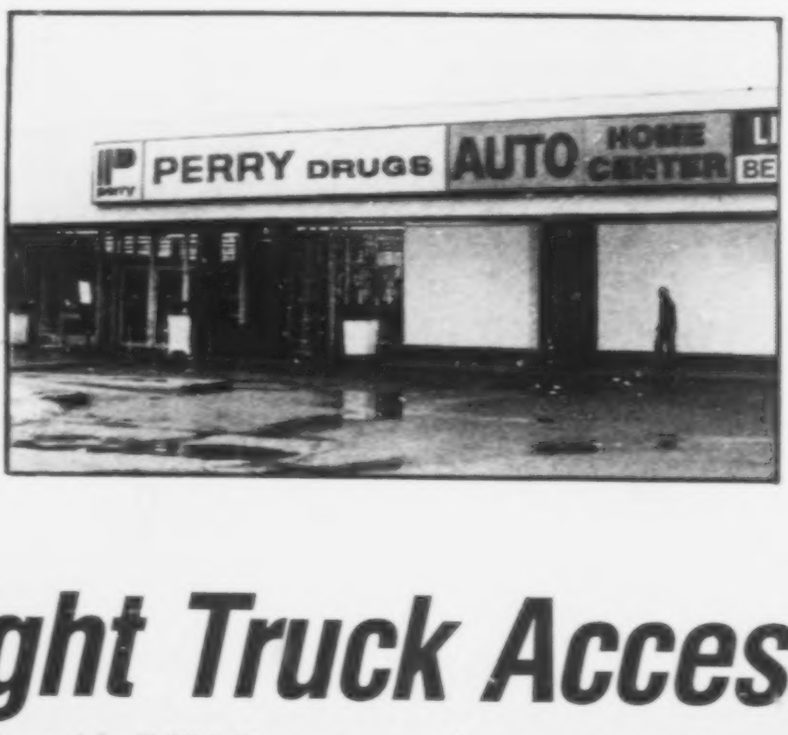
[A] Includes sales from company-owned and franchised units. [B] Includes sales from Kragen, Checkers, Honey and Statewide. Lucky sold its 31 Honey stores on Feb. 4, 1985, and recently merged Statewide operations into Checkers. [C] Includes sales from Whitlock, National Auto, Strum Auto and Giant Auto. [D] Includes sales from acquisition of Jack Lampert Singer Super Auto Parts and Peppy's Discount Auto Parts. Also includes auto part sales in 146 Perry Drug Stores. *DSN estimate.

Source: DSN Research

Discount automotive specialists, with their wide assortments in basics, are back on the expansion trail after a year of net decline in numbers of units.

(DSN photo)

Specialty Chains Get Back On Expansion Track in '85



Nationwide DSN Report

Automotive specialty chains have gotten back on the expansion track this year, after one in which a combination of franchise shifts and store closings left the top chains with a net decrease in units.

The top 10 auto specialists will recoup this year through two different expansion routes: opening more stores, with at least 120 additional units planned for 1985, along with the acquisition of smaller, regional chains as the relatively inexpensive way to travel into new markets.

The shakeout of the past few years has resulted in very conservative new store growth plans. Pep Boys and Nationwise, for example, each project about two dozen new units, mainly in their existing markets. This net gain is about tops for the industry.

However, other chains project opening more stores—Lucky Auto expects to unveil between 50 and 60 new units. But this will still leave the company's total count under what it was a year ago, since it sold off 77 stores last year.

Lucky's sale of 31 Honey and 46 Checkers auto part stores to Chief Auto Parts boosted that chain's count to 441 units, with executives acknowledging that they are looking for further acquisitions.

Similarly, Grand Auto acquired Automotive Wholesalers Inc., which had 22 TOP AUTO units in Washington and five in Alaska.

Perry Auto Works also took over another chain: Corvair Auto Parts, as the latter's parent, Consolidated International, decided to devote its retailing efforts to closeout general merchandise stores.

The net gain of at least 120 stores projected this year for the top 10 auto specialists will still leave them with fewer units than in the past. The largest declines could be found in the closing of large numbers of franchised stores by two chains, Western Auto and OTASCO. While each plans to open new—often company-owned stores, each still has a way to go before past peak store counts are reached, 2,556 in the case of Western and 669 for OTASCO.

Despite the extensive store closings, Western Auto still remains the top auto specialist in terms of volume with $698 million in the last completed fiscal year. OTASCO is in the third spot at $300 million.

Smaller auto specialty chains aren't there just for the taking; a number are opening new stores and expanding without any fear of competition from the big operators.

Schuck's Auto Supply plans to add at least five stores to its 65 units which are in Oregon, Washington and Idaho, states that also house Grand Auto and Luckey Stores units.

Steego projects opening at

(Continued on page 66)

Light Truck Accessories Given Bigger Discounter Push

Nationwide DSN Report

Discounters are committing more space and dollars to light truck accessories, as they tap into the surging market of pickup owners who want to customize their vehicles without paying dealership prices.

The insistence by many dealerships to sell only custom packages that cost $1,000 and more has paved the way for discounters to sell do-it-yourself custom accessories at tickets as high as $100 per item.

"Whatever dealers sell we can sell at less than 50% of their installed price," said Nationwise vp-merchandising Frank Apple. He cited examples: $150 for a rear pass-through window installed by a dealer compared with his chain's everyday retail of $39.95; pickup truck floor mats at $60 or $19.95 to $24.95.

"But the major appeal to do-it-yourselfers is the ability to individually tailor each vehicle," Apple added. "You know when you walk out of the dealer that 10 minutes later, another S-10 [Chevrolet Blazer] with the identical custom package will be right behind. You never see anything in between. They're either loaded or stripped."

Exaggeration or not, Apple's point is clear: light trucks make up 20% of the nation's new vehicle registrations, as white collars join blue collars in buying economical stripped versions and personalizing them.

The boom in light trucks is related to easier loading, sportiness, practicality in bad weather driving and economy, said buyers, who are increasingly developing high-profile areas for accessories.

In 1985, Caldor, T.G. & Y., ALCO and Nationwise became among the first discounters to test or go chainwide with light truck accessories assortments—in some cases with special signage in high-identity areas. Buyers from Gold Circle and Danners, who each also added about 25 sku's to their departments this year, called the category one of their best sources of add-on volume and gross profit dollars because of its high tickets.

Caldor, for instance, has been setting a 10-ft. to 12-ft. accessories run chainwide, while limiting assortments because of the vast amount of space many require, a spokesman said. The discounter's mix includes three running board sku's at a top everyday price of $69.99, splash guards at $5-$6 and exterior mirrors at $16.99-$21.99. Bestsellers currently include a metal toolbox at $98.77 and a pass-through window at $59.95.

ALCO began testing a 24-ft. gondola run in 12 of its largest stores since May, said buyer Lott Smith. While still too early for definitive results, Smith plans to watch performers for six months before deciding whether to roll out light truck accessories to about half the chain, which has ample discretionary space for the merchandise.

In his midwestern markets, which Smith characterizes as families "with a car and a

(Continued on page 56)

APAA SHOW

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	6052 Sealed beam, large square	40,716	$7.99	$325,320
2	Fiia Motorcraft oil filter	76,833	4.19	321,930
3	Raindance paste (appl pk), 14 oz	37,131	7.19	266,971
4	10080 8-oz Armor All protector	84,673	2.99	253,172
5	10160 16-oz Armor All protector	38,292	6.19	237,027
6	Mini-hydraulic floor jack, 2-ton	5,204	44.99	234,127
7	Turtle Super Hard Shell paste, 14 oz	55,197	3.99	220,236
8	4652 Sealed beam, low square	43,831	4.99	218,716
9	6014 Sealed beam, large round	65,893	3.29	216,787
10	3431 Snowite Lit 'N Easy gallon	15,421	13.99	215,739
11	Hydraulic floor jack, 2 ton	3,604	54.29	195,661
12	1157 Auto bulbs, 2 on a card	176,413	1.09	192,290
13	Air compressor w/gauge	7,900	22.99	181,621
14	Raindance liquid (appl pack) 16 oz	24,784	7.19	178,196
15	7450 Gumout jet spray, 13 oz	74,325	2.39	177,636
16	H6054 Halogen sealed beam, lg sq	8,687	19.99	173,653
17	1001 Freon, 14 oz	121,146	1.29	156,278
18	Westl Bleche-Wite-Liquid, 20 oz	70,672	2.19	154,771
19	Chamois, 2½ sq ft	21,845	5.99	130,851
20	Turtle Zip Wax liquid car wash, 18 oz	51,902	2.39	124,045
21	Oil treatment, 15 oz	52,874	2.29	121,081
22	10320 32-oz Armor All protector	13,164	8.99	118,344
23	R45TS-8BP AC spark plugs	9,505	12.09	114,915
24	Quartz halogen fog light kit, amber	3,542	29.99	106,224
25	Air-condition recharge kit with freon	15,397	6.89	106,085
26	Johnson Wax Kit presoft paste wax	24,701	4.19	103,497
27	WD-40 aerosol, 9 oz	39,939	2.59	103,442
28	7518 Gumout carb clean, 12 oz	53,015	1.89	100,198
29	Gunk Engine-Brite aero, 20 oz	44,402	2.19	97,240
30	Solar film, smoke 20" x 120"	10,319	8.99	92,767
31	13040 4-oz Armor All protector	53,510	1.69	90,431
32	1002 Warco Dot brake fluid, qt	23,220	3,89	90,325
33	PF-25 AC oil filters	22,568	3.99	90,046
34	Turtle Minute Wax, 18 oz	14,898	5.99	89,239
35	PF-47 AC oil filters	22,308	3.99	89,008
36	Snap Fix-A-Flat, 12 oz	61,781	1.39	85,875
37	Blue Poly paste sealant, 16 oz	8,429	9.99	84,205
38	Roberk 16" wiper blade refill	38,326	2.19	83,933
39	Super Hard Shell Liquid, 12 oz	27,983	2.99	83,669
40	3,000 lb Jack stand	15,107	5.49	82,937
41	Simoniz II premium paste, 14 oz	13,815	5.99	82,751
42	Westl Bleche-Wite-Liquid, 32 oz	24,223	3.39	82,115
43	Chamois, 4½ sq ft	9,000	8.99	80,910
44	15" Wire wheel cover, each	4,243	18.99	80,574
45	Prestone heavy-duty brake fluid, 12 oz	39,573	1.99	78,750
46	100QR Rislone oil alloy, 32 oz	27,887	2.79	77,804
47	H4656 Halogen seal beam, lo, square	7,040	10.99	77,369
48	Lee oil filter, LF-1	22,034	3.49	76,898
49	14" Wire wheel cover, each	4,019	18.99	76,320
50	Blue poly polymer seal liquid, 16 oz	7,483	9.99	74,755
51	Gas can, flexible spout, 5-gal	5,698	12.99	74,017
52	One-piece auto ramp, pair	3,297	21.99	72,501
53	CD-2 oil detergent, black label	29,313	2.39	70,058
54	RV15YC4BP8 Champ plug	5,774	12.09	69,807
55	Gas can, flexible spout, 2 gal	11,588	5.99	69,412
56	Roberk 16" wiper blades	31,652	2.19	69,317
57	1016 Pylon 16" wiper refills	31,463	2.19	68,903
58	FL400 Motorcraft oil filter	14,601	4.69	68,478
59	Quartz halogen driv light kit, cler	2,223	29.99	66,667
60	1001 Warco Dot brake fluid, 12 oz	44,022	1.49	65,592
61	Solar Film, smoke, 20" x 60"	13,316	4.79	63,783
62	Sim super blu pre-soft paste, 9 oz	19,235	3.29	63,283
63	Multi-service grease, 14 oz	45,164	1.39	62,777
64	Antenna spring with booster, 45"	6,940	8.99	62,390
65	Roberk 18" wiper blade refill	28,466	2.19	62,340
66	Westleys Bleche-White, ½ gal	14,527	4.29	62,320
67	Siminiz II premium liquid, 16 oz	10,318	5.99	61,804
68	4000 sealed beam, low, round	22,049	2.79	61,516
69	Gallon gas can, pull-up spout	20,441	2.99	61,118
70	1018 Pylon 18" wiper refills	27,868	2.19	61,030

(Continued on page 64)

'Easy' DIY Goods Still Hold Sway

By HERB RECHTER

President, Allied Auto Parts and Auto Accessories

The fashion side of automotive is growing well, but the core of our volume in the first half of 1985 continued to be in "easy" do-it-yourself merchandise: replacement lamps, waxes, polishes and chemicals.

Indeed, a scan of the 20 top-selling items reveals that appearance and simple engine and tire maintenance are the most common DIY activities. As an example, cleaners and cleaning accessories hold nine of the top 20 best-selling spots (in dollar volume) on the product movement audit (PMA) for the five-month period of February through June.

PMA

PRODUCT MOVEMENT AUDIT

Sealed beams take five of the top 25 positions, including a large halogen square, in the 16th slot, which retails at a relatively lofty $19.99 and a halogen amber fog light, in the 24th spot, at $29.99.

Chemicals, oil filters, floor jacks and air compressors round out the rest of the best-performing positions.

These performance trends aren't markedly different from those evident in a prior PMA, which detailed performance from February to November 1984.

Between then and now, the Flia Motorcraft oil filter jumped from No. 6 to the No. 2 spot, with 76,833 units sold during the latter period. The two-ton mini-hydraulic floor jack, a promotional mainstay, rose from the No. 16 slot at an average retail of $54.35, to the No. 6 position, with 5,204 units sold at an average price of $44.99.

Promotion Category

Another favored promotional item for discounters is the air compressor with gauge, which previously held the 11th leading sales spot at an average retail of $25.65. In the latest five-month period, unit movement stayed at a fairly even monthly clip: a total of 7,900 units sold at an average retail of $22.99.

Although cleaners appear universally strong, few inroads are being made by new brands in the category, as consumers stick to what they know will work.

Manufacturers have been trying to expand waxes and polishes shelf space by unveiling new variations of established products. For the most part, automotive discounters aren't buying this strategy. Many have pared or are paring footage for waxes and polishes, as they eliminate peripheral sku's and stock the perennial best sellers, or, in a rare instance, a new version that does a better job.

Discounters are reacting to two consumer trends here: price awareness and the poor perception of sales messages that would make more new

(Continued on page 64)

Why STP® Anti-Freeze has you-know-who running scared:

Last year in test-market stores, STP Anti-Freeze/Coolant achieved an impressive share of the premium-price anti-freeze category. And this year promises to be even better.

Why did so many consumers break the same-old-anti-freeze habit? The power of the STP name. The patented easy-pour No-Glug Jug. And the STP/ALUGARD money-back guarantee of quality.

Add to that higher margins for you, and you have the most exciting new premium-price anti-freeze/coolant brand on the market. Call 1-800-ALUGARD for details.

Easy Pour
No Glug Jug
STP
Anti-Freeze & Coolant
WITH ALUGARD
PREMIUM-QUALITY SILICONE SILICATE INHIBITOR SYSTEM
This formulation approved by all 4 major U.S. Car Makers
• Year-round protection for all domestic and imported cars.
• Can be added to your present anti-freeze.
• Protects all metals including aluminum.

Depend on STP proven performance. STP

STP Corporation, Boca Raton, Florida 33431

APAA SHOW

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
71	#7 Car wash powder, 8 oz	23,368	2.59	60,523
72	3305 Snowite Lite-N-EZ, qt kit	12,113	4.99	60,443
73	Espre wire wheel hub cap cln, 20 oz	15,536	3.89	60,435
74	PF-35 AC oil filters	14,568	3.99	58,126
75	30160 16-oz Armor All cleaner	25,118	2.29	57,520
76	Lee oil filter, LF-25	14,772	3.89	57,463
77	194 Auto bulbs, 2 on card	52,100	1.09	56,789
78	1157 NA auto bulbs, 2 on a card	35,202	1.59	55,971
79	DL hand cleaner, blue label	43,301	1.29	55,858
80	Foot pump with gauge	7,107	7.79	55,363
81	R44T-8BP, AC spark plugs	4,525	12.09	54,707
82	Holland chamois, 4½ sq ft	5,429	9.99	54,235
83	Lee oil filter, LF-40	13,547	3.99	54,052
84	Raindence car wsh concentrate, 20 oz	16,739	3.19	53,397
85	#7 Rubbing compound, 12 oz	22,985	2.29	52,635
86	R45TS TB8 AC spark plugs	4,300	12.09	51,987
87	E43Z-12A297A DY425 module	754	68.85	51,915
88	Yale power steering fluid, 14 oz	25,319	1.99	50,384
89	T-4163 Thrush muffler	2,776	17.99	49,940
90	Roberk 18" wiper blades	22,731	2.19	49,780
91	20" Wheel wrench	9,906	4.99	49,430
92	C-16 Bars leak, 12 oz	22,532	2.19	49,345
93	N12YCBP8 Champion plg	4,754	10.29	48,918
94	Prestone heavy duty brake fluid, 32 oz	9,776	4.99	48,782
95	Midget grease gun kit	5,853	8.29	48,521
96	Sandable primer, gray	24,318	1.99	48,392
97	Westleys ½-gal car wash	11,853	3.99	47,293
98	R45TSX-8BP AC spark plugs	3,901	12.09	47,163
99	Truck window, Ford 73-84	943	49.99	47,140
100	CD-2 Oil treatment red label	19,711	2.39	47,109

Source: These automotive figures, covering February to June 1985, were supplied by Allied Accessories and Auto Parts, Madison Heights, Mich. Allied services over 2,500 retail outlets throughout the United States, 98% of which are discount store auto departments.

'Easy' DIY

(Continued from page 62)

products viable. Consumers aren't convinced they should pay twice the price for unfamiliar products, when they know an established favorite will do the job, often at less than $5.

PMA data reflects this: Rain Dance, Armor All, Turtle Wax and Johnson's were the leading sellers in the sales period covering peak spring clean-up efforts by consumers, and promotions by retailers. Rain Dance 14-oz. paste was our leading cleaner and overall third strongest item in 1985's first half, despite its relatively high everyday ticket of $7.19. A Borden consumer rebate earlier this year contributed to its strong showing. We moved 37,131 cans.

The Nos. 4 and 5 spots were held down by Armor All 8-oz. and 16-oz. offerings, at $2.99 and $6.19 average retails, respectively. Interestingly, the low ticket Armor All moved far and away the most units of any leading cleaner, 84,673 containers.

Turtle Wax Super Hard Shell 14-oz. paste copped the seventh top spot on the strength of 55,197 cans moving at an average retail of $3.99. This product is one recent exception to the negative trend noted before. Consumers perceive this to work well, and it's in the traditional price range for established long-lasting wax and cleaning products.

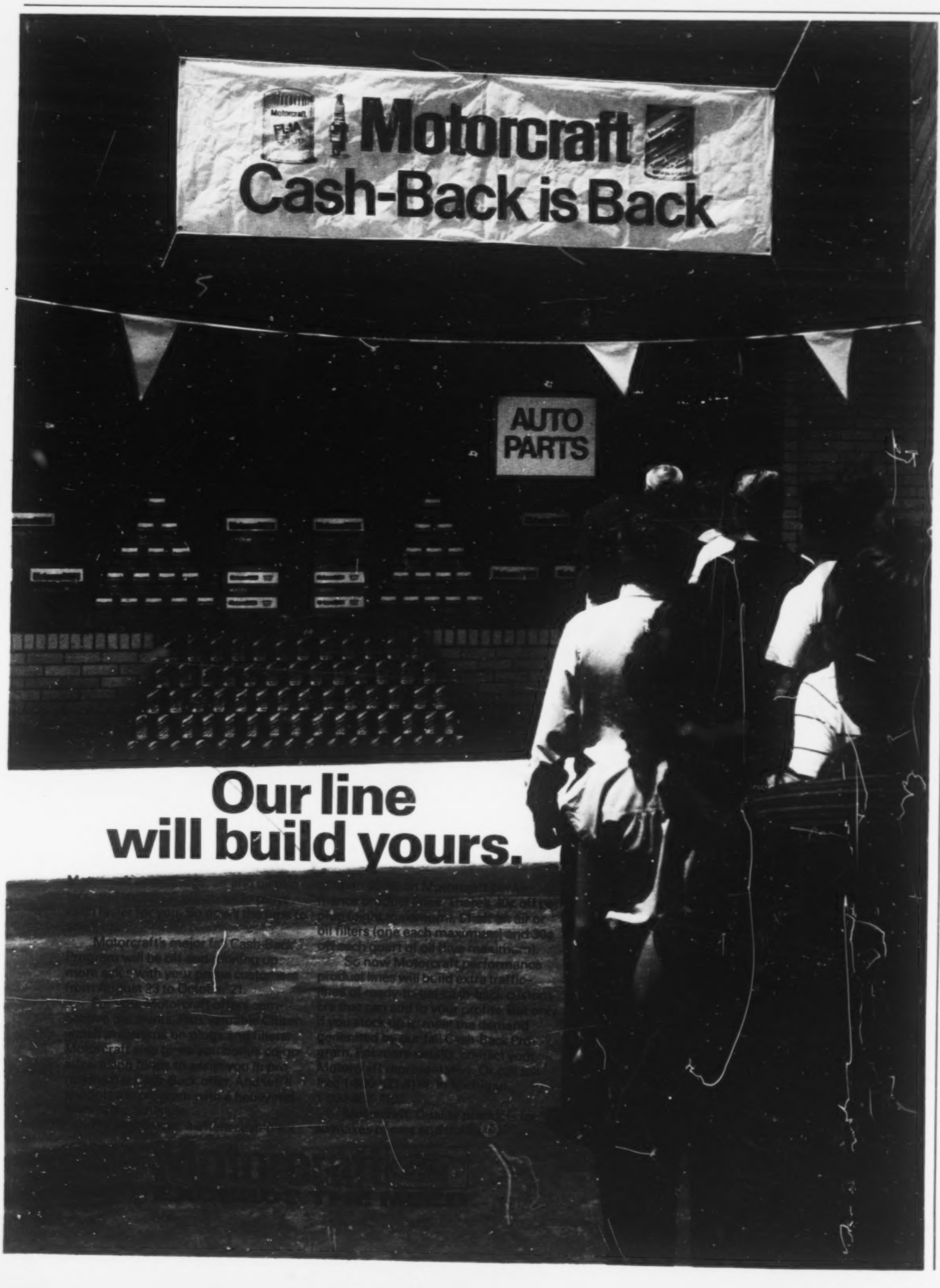
Chemicals such as Gumout jet spray, Igloo freon and STP oil treatment surfaced among the top sellers, reflecting continued promotions by discounters and consumer desire to do simple engine maintenance and perk-up tasks.

As an example, Gumout 13-oz. spray was our 15th leading seller in the period. We sold 74,325 cans to retail every day at $2.39. Unit movement of 14-oz. freon cans came close to doubling that during air-conditioning season: 121,146 cans sold at $1.29 everyday retail. STP 15-oz. oil treatment slipped to the No. 21 slot, at $2.29, from its previous No. 10 position at $1.81 average retail price.

We're continuing to emphasize our import program, which includes items such as car mirrors, exterior trim and antennae, which are both manual and electric-powered.

These items aren't revolutionary, but the price points are. By importing, we're able to leverage price points down to the $20 range—far below the $40-and-up usual price tags while offering comparable quality and impulse packaging.

That value message is getting across: import items are the fastest-growing portion of our business, copping four of the top 15 sales spots in the PMA. Jacks, bulbs and the air compressor with gauge were our strongest imports the first half of this year.



State Bills

(Continued from page 24)

California

SB848 would prohibit a retailer from imposing a surcharge on a person using a credit card.

CREDIT DISCRIMINATION

New Jersey

SB2035 would prohibit discrimination in credit practices.

EMPLOYEE BENEFITS

New Jersey

SB3214 would require group health insurance contracts to provide benefits for mental illness and nervous disorders. They would be required to provide at least 60 days of in-patient hospital care or 120 days of partial hospitalization.

ENTERPRISE ZONES

New Jersey

AB3870 would revise the Urban Enterprise Zones Act.

EQUAL EMPLOYMENT

New Jersey

SB2694 would prohibit sexual harassment in employment.

ITEM PRICING

New York

SB6766 would revise the regulation of item pricing in food markets. It would eliminate the grace period which an owner violating the provision would have to correct the violation.

LITTER TAX

New Jersey

AB3569 would impose a tax on the manufacture, distribution or retail sale of goods packaged in disposable containers.

PACKAGING AND LABELING

New Jersey

AB3483 would prohibit the retail sale of items packaged in certain types of plastic containers.

SHOPLIFTING

Illinois

SB190, prohibiting the manufacture, possession or use of foil-lined bags used to avoid detection by shoplifting devices, has passed the House.

Correction

An article in the July 22 issue of *Discount Store News* placed an incorrect value on Greenman Brothers' agreement to purchase Circus World Stores. At a per-share price of $34.62, the deal would be for a total of $41.4 million.

Single-Manufacturer Displays to the Fore

Several chains are using single-manufacturer displays to make a stronger merchandising impression. Here, Ames combines Fram filters on an entire three-shelf run. (DSN photo)

Return to Expansion

(Continued from page 53)

least seven stores in such scattered markets as Maine and Massachusetts, Florida and Columbus, Ohio, the latter also home to Perry and its recently acquired Corvairs Auto Parts.

The auto specialty store industry's resumed growth reflects a number of different factors: shut stores present an opportunity for another chain to come into a new market or else strengthen its presence in current markets; DIY sales continue to remain strong, so store closings often aren't due to any weakening in the auto parts business, but rather specific conditions at retrenching companies; and the increasing interest by national chains in expanding their network of company owned units, rather than franchised stores, so they can directly benefit from the growth in the DIY auto business.

The growth in the DIY business is evident from the augmented merchandising under way at some auto specialty chains.

Whitlock is a prime example. It opened seven new superstores earlier this year that measure 15,000-20,000 sq. ft., compared to its traditional 6,000- to 8,000-sq.-ft. units.

The added space enabled the specialist to target the stores to "high-performance buffs," offering such equipment like cams, special carburetors, headers and manifolds in addition to Witlock's standard parts stock.

The superstores are spotted in areas with a high proportion of blue-collar workers and skilled laborers who tend to work on their own automobiles.

Present

(Continued from page 17)

centage of net earnings attributed to the showrooms," the prospectus noted.

The cataloger is a member of the MAI group and uses that coordinator's flyers in addition to producing about a dozen of its own.

The growing cataloger competition in central New York State, which includes Service along with Boardman's, Tehan and Consumers Distributing (U.S.), saw Present during the past Christmas holiday period run about 200 TV spots weekly in the Rochester area and about 100 spots each weekly in Albany and Binghamton. Six flyers were also distributed during this period, which accounts for about 45% of the company sales, the prospectus reported.

Present, in the fiscal year ended Feb. 2, had total sales of $38,666,757, up 28.6% from $30,076,037.

Operating income went up 103.9% to $1,743,893 from $855,629. Net earnings outpaced this gain, going up 114% to $816,000 from $381,000.

Showroom sales of $35,882,034 (or 92.8% of total volume) were up 26.4% from $28,398,363 (or 94.4% of sales). A company subsidiary that designs and sells yachts had volume of $2,783,723 (or 7.2% of sales), up 70% from $1,677,674 (or 5.6% of sales).

Operating income from the catalog business of $1,467,545 (or 84.2% of total operating income) was up 92.8% from $761,691 (or 89.1% of operating earnings).

Discounters Called No. 1 In Pesticides, Fertilizers

FAIRFIELD, N.J. — Discount stores are the No. 1 retail segment for consumer pesticides and fertilizers with 31% of 1984 sales.

Their sales in the area should rise as the $1.4 billion industry grows to $1.9 billion (in manufacturers' dollars) by 1989, according to research by Charles H. Kline.

Insecticides, rodenticides and herbicides are forecast to be the strongest growth categories with potting soil sales falling.

The second most popular retail outlet for these plant accessories is the lawn and garden center with 23% of 1984 sales.

PATENTED FORMULA
PEAK
ANTIFREEZE & COOLANT
Fly PEAK to Hawaii.
PEAK
ANTIFREEZE & COOLANT
NORCHEM
NOTHING TOPS PEAK. NOTHING.

PEAK® ANTIFREEZE & COOLANT has launched its most exciting year ever of retail sales support and promotion.

Including: national exposure plus heavy-ups in selected markets of our hard-hitting television commercials; strong co-op advertising support; generous consumer rebates; newspaper ads in your market with traffic-building coupons; bright, hard-working POP displays. And our exclusive [illegible] attraction.

[illegible] designed to bring customers [illegible] your doors and ring sales on your registers.

And now we're adding another incentive to stock PEAK. Our exclusive 1985 bonus travel plan. Every gallon of PEAK you [illegible] between now and February 28, 1986 may apply toward free travel to the destination of your choice. Your PEAK travel bonus is good toward airfare, hotels, car rentals, meals and more. You can drive, fly or cruise as far as your sales take you. From the [illegible] of Florida to the sun-drenched beaches of Hawaii and beyond.

[illegible] your PEAK representative for details. Or call 1-800-228-2300, ext. 6222.

And take PEAK to high-flying sales and high-rolling surf.

Closeout Stores Are Closing in on 780 Total This Year

(Continued from page 1)

Building 19 and Hudson Salvage are increasing their use of closeouts, often in limited quantities that can't be used by larger chains.

Two chains—Odd Lot and Consolidated Stores—will drive the industry's growth by together unveiling more than 100 stores. Reflecting the "firstest with the mostest" expansion philosophy common in other retailing segments, each is striving to become the leading closeout chain in terms of units and markets served.

Overall, the top 30 closeout chains will unveil more than 160 stores this year and at least that number in 1986.

Seven chains, including Odd Lot and Consolidated Stores, will account for about 88% of that growth by opening 142 units.

The maturing of the industry from a highly entrepreneurial business into one of rapidly expanding, professionally managed chains hasn't affected the profitability of closeout merchandising, company executives said.

Pic 'n' Save, the largest chain in sales, has been public for more than a decade. It had an off year in 1984 as net income remained flat at $36.5 million while sales went up 3.5%. Net earnings as a percentage of sales slipped to 15.5% from 16%.

C.O.M.B., which went public just over 18 months ago and rapidly added retail stores to what had been a mail-order and wholesale business, saw sales go up 88%, while net income jumped 152%.

Consolidated Stores went public just two months ago and has an extensive growth program under way. It reported a similar sales and earnings story for last year: volume went up 113.8% while net income outpaced this with a 465.3% increase.

It's this profit potential that attracted discounter Mars into the closeout field through the launching late last year of Big Value stores. Previously, discounter Glosser Brothers started Dollar Bargain as its closeout arm.

Big Value's four stores were opened for only a short time last year and generated $1.3 million in sales, but the 10 projected for this year are expected to do about $15 million.

Dollar Bargain opened 11 stores during the course of 1983; they generated $5 million in sales. But the growth to 27 units by the end of last year was accompanied by a sales jump to $23 million.

Both discounters have set up separate merchandising and operating staffs for their closeout business. The moves, executives said, reflect the unique nature of closeout retailing and each discounter's effort to strengthen the specific niche that their closeout arms have marked out.

Both companies are among the handful that focus exclusively on closeouts, eschewing the heavy use of continuity goods and imports.

An Odd Job executive said the basic concept of the industry is to merchandise the limited quantities of closeouts, overruns and even salvage goods available from manufacturers to offer customers a better value for their money.

Its most faithful followers today tend to be the small chains that still have original family entrepreneurial involvement and use the small quantities that are passed up by the large chains.

The move into continuity goods and imports gives customers a broader selection of merchandise and reason to shop more often, said a Wags executive.

This is especially true when a closeouter has to draw against large discount and conventional department stores.

Located only in the New York market, Wags relies on continuity items like name brand health & beauty aids for about 30% of its mix.

Consolidated Stores faces the need to feed a network of stores that will hit the 100-unit mark by year's end. Continuity consumer items like paint, batteries, electric wire, pet food, hand tools and Christmas goods account for nearly 10% of sales.

Beside enabling closeouters to offer an expanded assortment, imported goods—primarily from the Orient—help these chains to boost the bottom line. Foreign manufacturers even take booths in various trade shows to sell closeouters direct to save retailers the middleman importer charge.

At Pick 'n' Save, imports account for about 15% of the goods purchased, according to a recent prospectus. A C.O.M.B. 10-K filing reported "a significant portion" of the goods the company sells in foreign-made, primarily from the Orient. Exact figures on imports weren't available from executives at either chain.

The Top 30 Closeout Chains

Chain (and headquarters)	Sales (Millions) Last Completed Fiscal Year	Prev. Completed Fiscal Year	Number of Stores January 1985	December 1985	To Be Added in 1986
Pic 'n' Save (Carson, Calif.)	$235.1	$227.1	90	95	5
Odd Lot (New York)	200.0	155.8	134	195	60
C.O.M.B. (Minneapolis) [a]	59.3	32.5	15	27	20
Tuesday Morning (Dallas)	41.3	37.3	70	77	10
Building 19 (Hingham, Mass.)	39.0	36.0	6	7	1
Job Lot Trading (New York)	35.0	33.0	5	10	2
Odd Job (New York)	35.0	25.0	7	7	2
Consolidated Stores (Columbus, Ohio) [b]	34.3	3.7	54	100	25
Railroad Salvage (Meriden, Conn.)	31.5	28.0	6	6	1
Unclaimed Freight (Bethlehem, Pa.)	29.7	23.0	13	13	0
Dollar Bargain (Johnstown, Pa.)	23.0	5.0	27	29	1
U.S. Factory Outlet (New York)	22.5	6.4	17	23	16
TVI (Bellevue, Wash.) [c]	20.0	18.0	25	29	3
Dee & Dee (New York)	19.0	19.0	14	14	0
Hudson Salvage (Lural, Miss.)	15.0	12.0	9	11	1
Marden's (Waterville, Maine)	15.0	15.0	6	6	1
Don Gage (Jamestown, N.Y.)	12.0	12.0	3	3	0
Oceanstate Jobbers (North Kingston, R.I.)	10.0	8.0	5	6	2
Walls Bargain Center (Shawnee, Okla.)	10.0	9.0	12	13	1
Insurance Liquidators (Rockford, Ill.)	9.0	6.9	8	8	0
Marin Surplus (San Rafael, Calif.)	8.5	8.0	4	4	0
Carolina Enterprises (Ashville, N.C.) [d]	8.0	6.5	24	27	6
Amazing Stores (Norwalk, Conn.)	8.0	6.5	4	5	0
County Dump (North Lindenhurst, N.Y.)	7.0	5.0	3	3	0
Dollar Discount (Boothwyn, Pa.)	7.0	7.0	8	8	0
Dollar Saver (Ponca City, Okla.)	6.5	5.0	6	6	0
Sunny's Surplus (Baltimore)	6.3	6.3	17	20	0
Rockwell Salvage (Linden, N.J.)	6.0	5.0	5	6	1
Wags (Rochelle Park, N.J.)	5.1	4.2	6	8	2
Sands Salvage (Farmingdale, N.Y.)	5.0	5.0	3	3	0

[a] Retail and mail-order sales only; total volume, including wholesale sales, was $63.8 million last year and $32.5 million in the previous year. [b] Retail sales only; total volume, including wholesale sales, was $48.8 million last year and $20.9 million in the previous year. Stores operate under the Odd Lot and Big and Little Lots name. [c] Stores operate under the Thrift Village and Value Village names. [d] Stores operate under the MFG Outlets and Army Stores name.

Source: DSN Research.

Discount Leaders Support Reagan's Tax Plan

(Continued from page 3)

ny before the House Ways and Means Committee late last month.

Arguing that "the current corporate tax system is full of inequities," Dewar told Congress that "most capital-intensive industries are able to take advantage of tax deductions which drastically reduce their effective tax rate, while most labor-intensive industries" such as retailing "have few deductions and pay high effective tax rates in comparison."

Citing newspaper reports which described his chain as "the eighth largest payer of federal income taxes in 1984," Dewar said this statistic dramatized "the unequal tax burden that results from the differing tax breaks available to differing industries under the current federal corporate income tax laws."

"K mart is a major retailer, but in fairness we should not by any standard be ranked the eighth largest taxpayer," he told the committee.

Citing a specific example of the uneven treatment afforded retailers under the present tax system, Dewar noted that K mart's $1.3 billion in profits over the past three years were only half those earned by Du Pont.

"But under current corporate and federal income tax laws, K mart—a retail chain—paid $554 million, while the twice-as-profitable Du Pont—a chemical company—paid only $100 million in federal income taxes," he said.

That difference reflects a variety of tax breaks, such as Investment Tax Credits and accelerated depreciation schedules which tend to benefit manufacturers far more than retailers and other service industries.

Reagan's "reform" proposal would reduce or eliminate many of those corporate tax deductions altogether.

Discounters Try to Reduce Swelling Health Care Costs

(Continued from page 3)

Last year, health care costs at Service Merchandise rose only 5%, far below the figure commonly cited by other discounters, as a result of initial steps taken to curb costs in 1983, commented Gregg Conroy, manager of employee benefits.

As of 1985, the cataloger initiated 100% coverage for hospital preadmission testing to encourage testing on an outpatient basis. Best Products took that step in September 1984.

In addition, employees can now sign up for a mail-order prescription program for nonemergency medication. Employees can mail away for up to a 90-day supply of medication at a cost far less than the 20% copayment required under the comprehensive medical program; the company receives the benefit of being charged for the medication at an average wholesale price, explained Conroy.

The initial steps two years ago had raised a yearly $100 deductible to $150 (with a maximum deductible of $450 per family) and made a second opinion before surgery mandatory (with the penalty of a reduced co-payment for foregoing that or going ahead with surgery despite advice otherwise.)

Many retailers are also giving their employees the option of enrolling in HMOs (Health Maintenance Organizations), which provide unlimited coverage for a fixed membership fee, and PPOs (Preferred Provider Organizations). PPOs consists of a number of providers—or doctors—operating out of separate offices, sharing either discounted or highly competitive rates for their services.

Although Conroy does not see a lot of cost saving for Service Merchandise in HMOs, the company continues to be involved in 16 organizations and will become involved in nine others this fall. "We feel that it's appropriate to give employees a choice," he said. For example, an HMO might be a good option for families with small children with frequent minor illnesses, he said.

For the PPO program, which began last November, Service has established a $50 deductible and a 90% co-insurance benefit because employees opted for more cost-conscious providers.

At Richway and Gold Circle, mandatory second opinions on surgery and prehospital admission certification went into effect early last month. These programs are an extension of their parent Federated Department Stores' policy of offering 100% reimbursement for outpatient treatment.

At T.G & Y., a program launched last year that payed 100% reimbursement for home care services that reduced hospital stays at least one day, saved the company $70,000 in the last quarter of 1984, said Dierdre Smith, medical claims supervisor.

Chains Encourage Employee 'Wellness'

(Continued from page 3)

Federated, for one, is beginning to explore options like providing smoking cessation, diet control and stress management classes, and arranging corporate discounts for employees to join physical fitness centers.

Rose's, which is investigating the possibility of conducting various health-oriented seminars, has started posting notices on bulletin boards and conducting meetings on health issues with store associates. "That is probably going to be our short term approach as opposed to anything new and dramatic," said Tom Hannon, manager of personnel administration.

A T.G. & Y. headquarters, where free blood pressure testing and subsidized flu shots have been offered periodically for several years, employees were recently offered free eye screening and glaucoma tests. "It might not have saved a lot of money [for the company], but it made people aware," said Johnnie Perry, enrollment supervisor.

Wal-Mart, which offers employees use of its fitness center at its Bentonville, Ark., headquarters, also promoted attention to physical fitness in its Wal-Mart World newsletter, for example, outlining in its May 1985 issue which foods are the most nutritious.

At Service Merchandise, an employee assistance program has been in place several years now, with two staff people appointed to promote wellness and coordinate clinics.

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING
VOL. 24, NO. 18
Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.
$2 per copy
SEPTEMBER 9, 1985

clover
buy now!
$5.99 - $17.99
Bradlees

Clover, Lancaster, Pa., ups soft lines profile with towel wall (top), as Bradlees, Mill Creek, Del., boosts hard lines profile with expanded electronics section (bottom). *(DSN photos)*

Clover, Bradlees Bows Presage Battle For Philly

By BETH A. SEXER and MARTIN BROCHSTEIN

PHILADELPHIA — The major skirmishes for the hearts and minds of metropolitan Philadelphia shoppers have yet to begin, but two of the primary players gave an indication of their latest thinking last month with store openings on the outskirts of the region.

More Clover photos, p. 72

Clover, the local power, opened its 20th store, an 85,000-sq.-ft. unit in a regional mall in Lancaster, Pa., about 60 miles from Philadelphia.

Bradlees, which has acquired the 18 Jefferson Ward locations around the City of Brotherly Love, opened its first units in the market, 80,000-sq.-ft. stores in Mill Creek, Del., and Horsham, Pa.

Those two are joined in the battle by K mart and Jamesway, with several stores ringing the market, and the forthcoming entry of Caldor, which has announced it will open its first area store in the market this fall.

Warren White, executive vp and general manager of Clover, said he's confident the entry of Bradlees and Caldor into Clover's turf will not eat into the hometown chain's business.

"Near-term and longer-term, I don't see much effect at all," he insisted. He noted that Bradlees has said it will take nearly two years to fully convert the Jefferson Ward stores into smoothly running Bradlees stores, and that the effect of a single Caldor store in the area would be minimal. Longer-

(Continued on page 82)

Chains Plunge Into Atlanta, Vie For Shallow Labor Pool

By AL HELLER

ATLANTA — While retailers' competition for the consumer's dollar is reaching a fever pitch here, planned market entries and major expansions by discounters here are setting the stage for another battle.

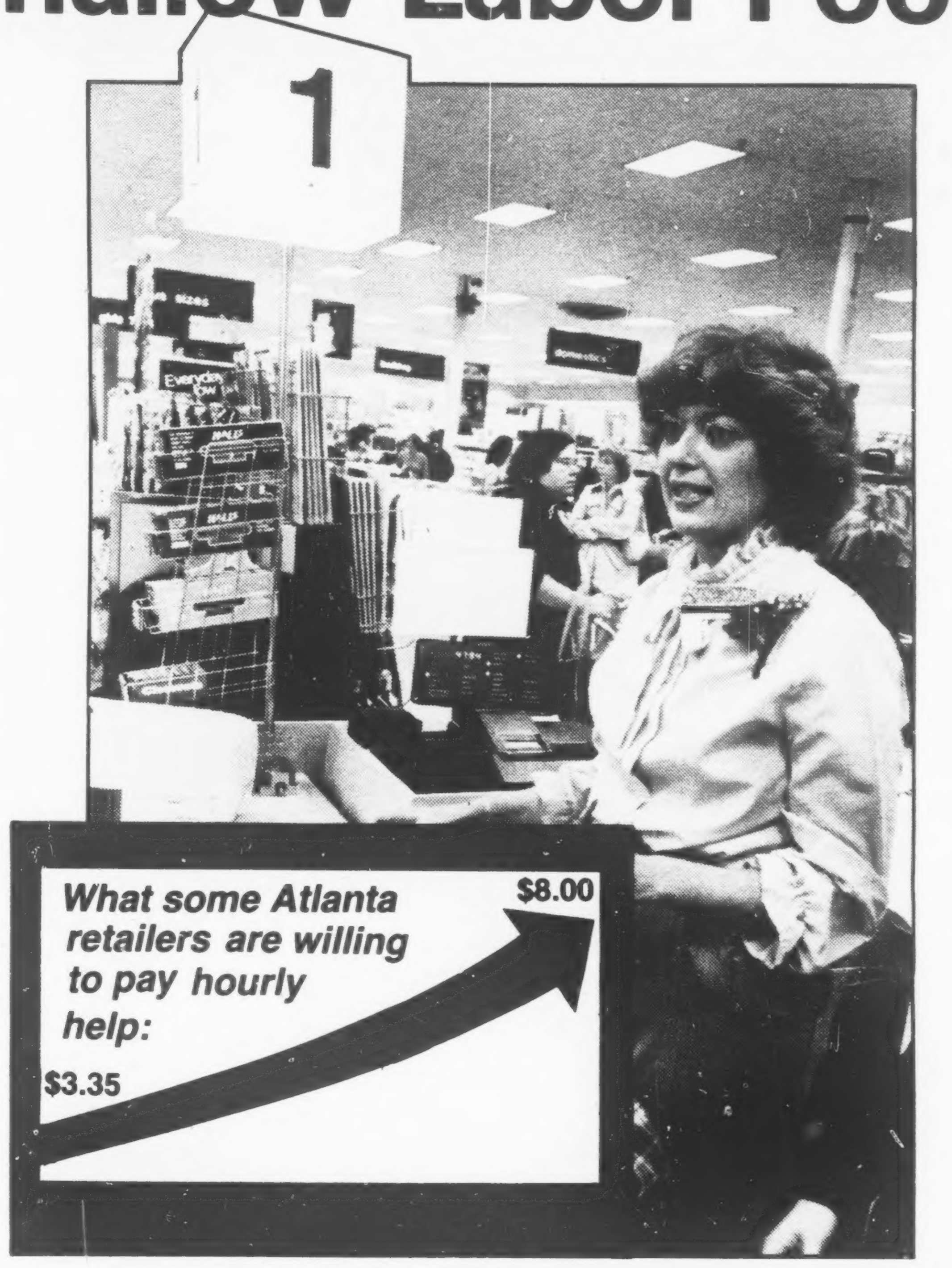
The number of new stores, say chain executives, is beginning to put a strain on the pool of available labor, and retailers have started to seek new recruiting methods while trying to keep total payroll costs at bay.

The sizzling market is getting hotter, with PACE, Circuit City and Upton's expanding here in 1985 and 1986. They'll intensify already fierce competition for store workers among the likes of Richway, Makro, K mart, Zayre, Ellman's, Home Depot and Wal-Mart. On top of that, Dayton Hudson will flex its muscle here soon with debuts of R. G. Branden's, Mervyn's and Lechmere.

Richway is using store marquees more to announce openings, has expanded interviewing hours at stores, qualifies new workers for benefits sooner and trains 80% of its store employees to operate IBM minicomputers at the front end, says senior vp for human resources Buell Rollins.

Makro this year has raised starting hourly wages in this market to $4.10 from $3.90, and hires students as young as 17 from local public and private high schools and junior colleges.

PACE, the membership warehouse chain, snared some people from Richway, partly by raising starting wages here from $4 to $4.50-$8 an hour, based on position and experience, an executive said.


1
What some Atlanta retailers are willing to pay hourly help:
$3.35
$8.00

Virtually all retailers are advertising more, said Tina Knight, employment advertising manager at the *Atlanta Constitution*. Employment advertising there rose 12.5% year-to-date through June to 5.47 million lines. "The retailing need is so great that we were able to run four additional pages over a pair of Sundays in traditionally slow July—two under the 'food service' banner and two under 'retailing opportunities,'" she said.

Discounters are taking these steps to combat the voracious appetite of fast-food chains, whose inducements include: child care for returning housewives on the midday shift; starting salaries as high as $6 an hour on night shifts; credit toward college tuition based on hours worked, and $25 sign-up bonuses.

Ironically, Atlanta's economic health is at the root of this superheated employment situation. The unemployment rate here has stayed low, in the 5%-6% range the past year, and about half that in the surging

(Continued on page 82)

Would Reportedly Become Builders Squares

Hear K mart Deals For 16 Jeff Wards

TROY, Mich. — K mart is currently negotiating to purchase 16 or 17 of the remaining 23 Jefferson Ward stores in Florida for its Builders Square home center warehouse chain, *DSN* has learned.

Specifics of the deal, in terms of price and locations, were not disclosed at presstime. However, a K mart spokesman and an executive at Jefferson Ward confirmed that K mart officials were in Florida recently to negotiate the acquisition.

The 23 Jefferson Ward stores range in size from 70,000 sq. ft. to 166,000 sq. ft. Almost half of the remaining units are in the 150,000-sq.-ft area—ideal, said industry sources, for Builders Square units, which generally average 90,000 sq. ft.

Many of the Jefferson Ward units are already near existing K marts, and industry sources report most of the Jefferson Ward sites would be converted to Builders Square.

Officials at the28-unit Builders Square chain could not be reached for comment at presstime but the San Antonio-based warehouse home improvement retailers had previously pegged Florida as a prime growth market. The chain currently operates two Florida units, in Daytona Beach and Pensacola.

Several other discounters including Wal-Mart, Target and Richway, were also looking at the Florida locations but were reportedly outbid by K mart.

IN BRIEF

- **CHILD WORLD, THE MOST SUCCESSFUL RETAIL SEGMENT** of privately held Cole National, is going public again. The Avon, Mass.-based toy retailer is being spun off in hopes of raising approximately $35 million from the sale of 2,125,000 shares of company-owned stock, at a proposed $16.25 per share. The funds generated are expected to finance future expansion.

- **SERVICE MERCHANDISE HAS OPENED ITS FIRST** showroom in New York City, a 30,000-sq.-ft. store in Queens. A similar sized unit is due to be opened in the fall of '86 on Staten Island, as its second showroom in the city.

- **C. DAVID BIRDWELL HAS BEEN NAMED PRESIDENT** and chief executive officer of Maxway, succeeding the retiring J. Craig Dodson. Birdwell was vice president and gmm. C. Wilson Sawyer has been named executive vp and chief operating officer. He had been vp for store operations.

Sporting Goods Buyers Limber Up, Hopefully, For a Better Year
—Pp. 30-34

Catalog Showroom Census:
Pp. 19-28

Lawn & Garden Supplement:
Pp. 35-46

Index

Apparel 14-15
Classified 77-80
Domestics. 57
Editorial Page 11
Executive Changes. 69
Housewares 55
Manufacturer News 70
Stock Update 4

Facts and Figs on 35 Leading Catalogers

Sales Rank	Chain (Hq. State)	Coordinator	Showroom $ Sales (millions)		Showrooms		Openings Projected 1986
			Last Completed Fiscal Year	Previous Completed Fiscal Year	As of January 1985	As of December 1985	
1	Best Products (Va).	Independent	$2,252.7	$2,081.3	244	253	10
2	Service Merchandise (Tenn.)[a]	Independent	1,607.0	1,458.1	183	293	25
	H. J. Wilson (La.)	—	521.0	514.4	80	—	—
	Ellman's (Ga.)	—	80.0	74.5	8	—	—
3	Consumers Distributing (U.S.) (N.J.)[b]	Independent	450.6	369.7	160	162	N.A.
4	Ardan (Minn.)	Creative	250.0	279.0	51	46	0
5	L. Luria & Son (Fla.)[c]	Independent	149.0	145.2	35	38	3
6	W. Bell (Md.)[c]	Independent	146.1	138.0	18	21	3
7	Gordon Jewelry (Tex.)	Independent	139.0[d]	142.0	57	62	5
8	Jewelcor (Pa.)[e]	Jewelcor	128.3	129.0	23	24	0
9	McDade (Ill.)	MAI	105.0	105.0	7	7	0
10	K's Merchandise (Ill.)	Paul Schultz	86.0	70.0	8	9	1
11	Brendle's (N.C.)	MAI	84.0	80.0	22	26	2
12	David Weis (Pa.)	MAI	83.0	80.0	11	11	0
13	Sterling Jewelry (Tex.)	Paul Schultz	75.0	75.0	5	5	0
14	Dahlkemper's (Pa.)	Paul Schultz	50.0	46.0	7	7	1
15	E. H. Tepe (Ind.)	Creative	49.3	48.8	9	9	1
16	O. G. Wilson (Tex.)	Independent	47.3	47.9	14	14	2
17	Evans (Md.)	MAI	42.0	40.0	5	6	1
18	Present (N.Y.)	MAI	35.9	28.4	11	13	2
19	Fred Gattas (Tenn.)	MAI	34.0	32.0	7	8	1
20	Goldbro (Ala.)	Charter	31.0	30.0	6	6	1
21	Witmark (Mich.)	MAI	31.0	24.0	8	8	0
22	Arthur's (N.J.)	MAI	30.0	25.0	7	7	1
23	Alexander's (S.C.)	Charter	29.0	28.0	5	5	0
24	Wilkor (Fla.)	MAI	27.0	26.0	5	6	1
25	Boardman (N.Y.)	Independent	26.0	25.0	13	13	0
26	A. J. Foland (Mich.)	American	25.0	25.0	6	6	0
27	Jewel Mart (Ohio)	Paul Schultz	25.0	23.0	4	4	0
28	Key Distributing (Ga.)	Paul Schultz	25.0	24.0	8	8	2
29	R&R (Mass.)	American	25.0	25.0	7	7	1
30	Save-Rite (R.I.)	MAI	24.0	19.0	4	4	1
31	Segall & Sons (Ga.)	American	22.0	20.0	6	6	0
32	Wes Freedman (Pa.)	Charter	18.0	16.0	6	6	0
33	Hartman (Calif.)	Independent	18.0	19.0	11	9	1
34	Value House (N.M.)	Paul Schultz	18.0	16.0	5	6	0
35	Paysaver (Mass.)	Jewelcor	15.7	14.0	5	6	0

(a) Service Merchandise's sales don't include those of H. J. Wilson and Ellman's, which were acquired earlier this year. Showroom count for December 1985 includes units from both acquired chains. (b) Volume in Canadian dollars. (c) Last completed fiscal year ended at presstime. (d) Fiscal year ended September 1984. (e) Volume is total for showroom chain and catalog coordinator arms. N.A.—Not available.

Source: *DSN* Research, annual reports.

Showroom Industry Consolidation Snowballs

Nationwide DSN Report

The consolidation of the catalog showroom industry reached a fevered pitch this year, as the strong continued to grow while smaller chains struggled to hold their own.

While the industry contracts, the top chains are driving to insure future strength by developing new upscale showroom prototypes. The chains hope these units will enhance the consumers' overall shopping experience while boosting impulse sales, especially of higher-profit jewelry and giftware. The goal is to induce customers to regularly shop the showroom, rather than just occasionally as the destination for goods preselected from the catalog.

The consolidation under way in the industry's showroom chain segment is evident from such actions as:

- Service Merchandise, the second-largest company, swallowing up H. J. Wilson, previously No. 3 and Ellman's, formerly No. 14, to become a $2.5-billion-plus chain and challenge Best Products for the top spot.
- Consumers Distributing (U.S.), now the third-largest cataloger, sharply curtailing its expansion that once saw as many as two dozen showrooms being opened annually to only two or three units, as it searches for a more productive format.
- Ardan continuing to close showrooms—five during the past 60 days on top of nine shut in early January—with no new stores planned for the year.
- Smaller chains either closing down completely, like Dowling, J. B. Alexander and Nat Halpern, or switching to other businesses. Midstate, for example, became an appliance and consumer electronics specialty retailer, and Bridgeport shuttered its three showrooms and retained only its jewelry specialty store.

Development Noted

The catalog coordinator segment saw Federated Merchandising disband less than three months ago, with members who operate showrooms joining George Associates to boost that coordinator from a West Coast orientation to one with a national scope.

However, trade observers speculate that further coordinator consolidations could be in the works, as a joint trade show involving George, Jewelcor and possibly American Merchandisers has been proposed.

Additionally, the demise of the small, family-run companies with only one or a handful of showrooms could force coordinators geared to this end of the catalog industry to consolidate or else look to other aspects of the marketing business to survive.

The bottom line of the consolidation is that the showroom industry's overall volume remained flat at $7.9 billion.

More importantly, the industry has clearly split into three distinct company groupings. The dominant one is composed of Best and Service, which together account for about $4.5 billion in sales or more than 55% of the industry's total volume.

A second portion is a mix of multiunit operators headed by Consumers Distributing (U.S.), with its $450-million-plus (Canadian) volume. However, the bulk of this segment is composed of catalogers with sales in the $15 million to $150 million range and includes public chains like L. Luria & Son and W. Bell and privately held firms like Brendle's, Goldbro, McDade, R & R, Witmark, E. H. Tepe, Value House, David Weis and Jewel Mart that show slow but steady growth in sales and store count.

Finally, there's the one- and two-showroom operation that is quickly disappearing from the industry.

New-Store Plans

The Big Two are driving the industry's growth, with Service, apart from its acquisitions, opening 20 showrooms this year and Best unveiling 9.

The middle group of chains has sharply curtailed expansion plans, with only about two dozen new showrooms scheduled to be opened by these approximately three dozen companies.

These firms, executives acknowledged, are faced with the need to maintain and try to increase sales in a retailing environment in which catalog merchandising has peaked, other hard lines specialty store formats are hot and the larger showroom chains are on the prowl for more acquisitions as the low-cost way to obtain real estate and a greater market share.

Service's acquisition of H. J. Wilson and Ellman's enabled the company to become a power in Texas, markedly strengthen its presence in Florida and Atlanta and boost its coverage of other markets at much less cost than if the Nashville cataloger had to open the same 80 stores from scratch.

Best and Service are also facing up to the challenge of sparking sluggish showroom sales and growth.

Best's direction is illustrated by its unveiling of a new look, upscale showroom presentation designed to draw customers on regular shopping expeditions. It focuses on jewelry and giftware as the profit power areas.

Service, which had already developed a new showroom format, will begin feeding apparel into selected stores over the next three years as a new sales and traffic draw. It has also hired a Madison Avenue ad firm to develop a TV campaign directed at inducing consumers to regularly shop its showrooms, not just come in for specific items preselected from the catalog.

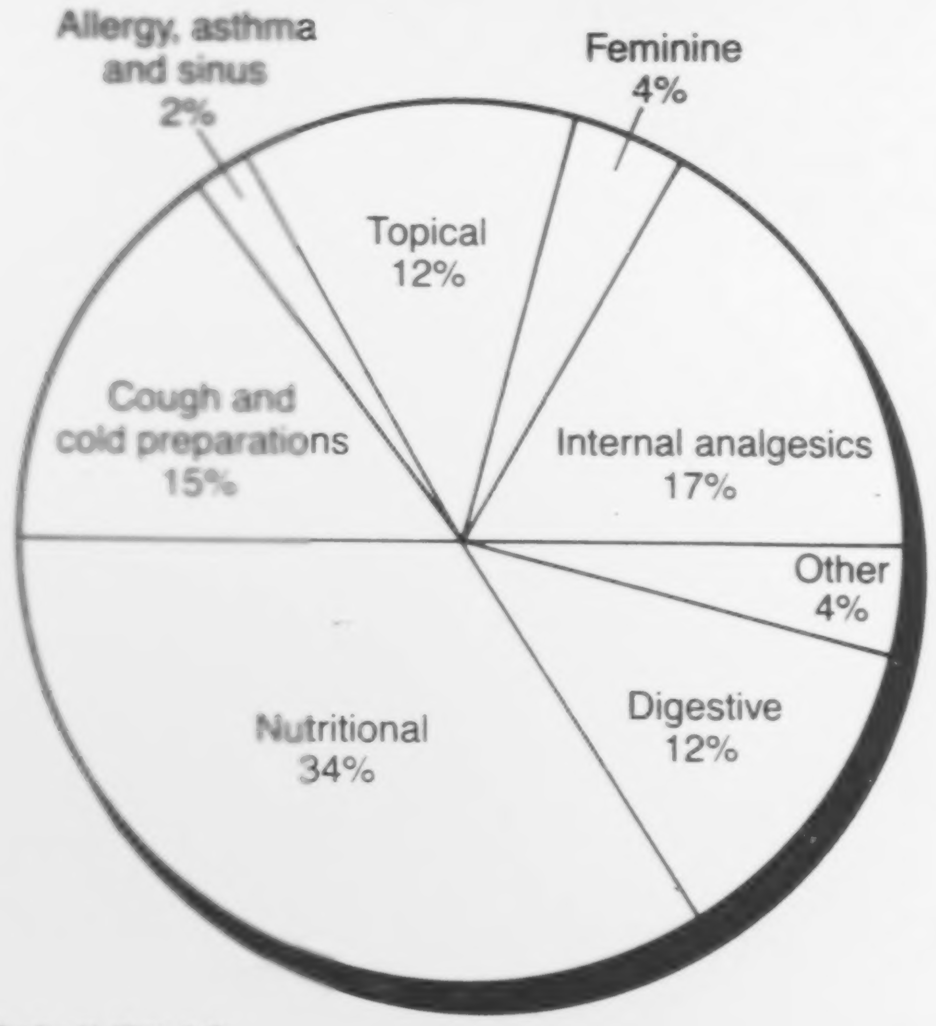
U.S. Manufacturers' Sales Of Nonprescription Drugs, 1983-84

(Millions of dollars)

Category	1983	1984	% growth
Internal analgesics	$1,223.0	$1,375.0	12.4%
Feminine products	254.5	283.0	11.2
Topical products	920.5	1,007.4	9.4
Allergy, asthma, and sinus products	184.0	200.0	8.7
Cough and cold preparations	1,149.0	1,230.0	7.0
Nutritional products	2,623.0	2,761.0	5.3
Digestive remedies	901.5	941.0	4.4
Other products	253.5	290.6	14.6
Total	$7,509.0	$8,091.0	7.8%

Source: Charles H. Kline & Co.

Percentage of Manufacturers' Nonprescription Drug Sales by Category, 1983-84



Source: Charles H. Kline & Co.

from the crowd.
Uniflo
Plus
Extra
EXXON

advertising and consumer discounts
outstanding motor oil program.

Generous trade and co-op allowances. Exxon will again offer an outstanding co-op advertising program. New Exxon customers can also qualify for a generous special allowance.

A choice of packaging for you and your customers. We offer the 1-quart fiber can (in the convenient 12-quart shrinkwrap tray or 24-quart case), 1-quart plastic container (12 per case) or 4-quart jug.

If you want to stand out from the crowd, take advantage of Exxon's outstanding merchandising program for 1986. Call your Exxon Account Executive or Exxon Sales Manager Tom Loiacano at (713) 874-5423. Or write to Exxon Company, U.S.A., Retail Business Center, P.O. Box 4388, Houston, Texas 77210.

EXXON

Quality you can count on.

OTC Drugs' Growth Paced By Analgesics

FAIRFIELD, N.J. — United States manufacturers' sales of nonprescription drugs reached almost $8.1 billion in 1984, up 7.8% over sales in 1983 of $7.5 billion, according to a survey conducted by Charles H. Kline & Co., a marketing consulting firm.

That figure is expected to reach $12.1 billion in 1989, stated the survey.

Forces behind increased sales in 1984 include increased spending in the marketing of nonprescription drugs directly to consumers; the continuing trend toward self-medication as a result of heightened consumer awareness; extensive promotion of new product entries, especially in the cold medication, antacid and general arthritic pain reliever categories; and the growing number of products moving from prescription to over-the-counter (OTC) status, according to the survey.

Nutritionals (including vitamins, diet aids and prepared infant formulas), internal analgesics and cough/cold products remained the dominant product categories in 1984, accounting for 66% of OTC manufacturer sales that year.

Sales Up

U.S. manufacturers' sales were highest in the nutritional products category, reaching $2.8 billion, or 15.2% of total nonprescription drug sales. However, the greatest category growth was in the internal analgesics category, which grew 12.4% to $1.4 billion in 1984.

Products which experienced the greatest jump in sales last year included those linked to preventing osteoporosis in women, a health concern which became widely publicized last year, and those positioned to ease premenstrual syndrome (PMS).

According to the survey, sales of calcium supplements climbed 50% last year when reports were released linking osteoporosis to insufficient calcium intake.

Also, as consumer education on PMS increased, so did the market for related products. In 1983, 5% of sales for menstrual relief products were in the PMS segment. In 1984, PMS products accounted for about 20% of category sales.

C5150-3

0024037C DS
MS JEANNE LONG
CONGRESSIONAL INFOR SVC 1G7
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.
$2 per copy
OCTOBER 14, 1985

get Dramatically Softens No-Frill Look

clusive

By MARTIN BROCHSTEIN

EDINA, Minn. — The discount industry's going to set its sights on a new Target.

Target is set to unveil the first dramatic overhaul of its standard setting basic prototype in over 10 years. *Discount Stores News* editors surveyed a remodeled 100,000-sq.-ft. store in this Minneapolis suburb and found a store that emphasizes fashion and lifestyle selling without losing the basic tonnage capacity of a large volume-producing store.

If the new look is successful, say sources close to the company, it will be rolled out chainwide, first in all new stores, then in remodeling efforts. Target executives have declined repeated requests for comment about details of the new effort, which reportedly was developed almost totally within the company over the past nine months to a year. At present, it has been manifested only here and in a similarly remodeled unit in the Dallas suburb of Garland, Tex.

The prototype revolves around three newly segmented "worlds"—Fashion World, the apparel department that greets shoppers at the off-center front entrance; Home World, coordinating 10 home goods classifications around a freestanding focal display at the center of the store; and Basic & Leisure World, highlighted by an expanded and upgraded consumer electronics department.

More photos of the new Target, p. 156.

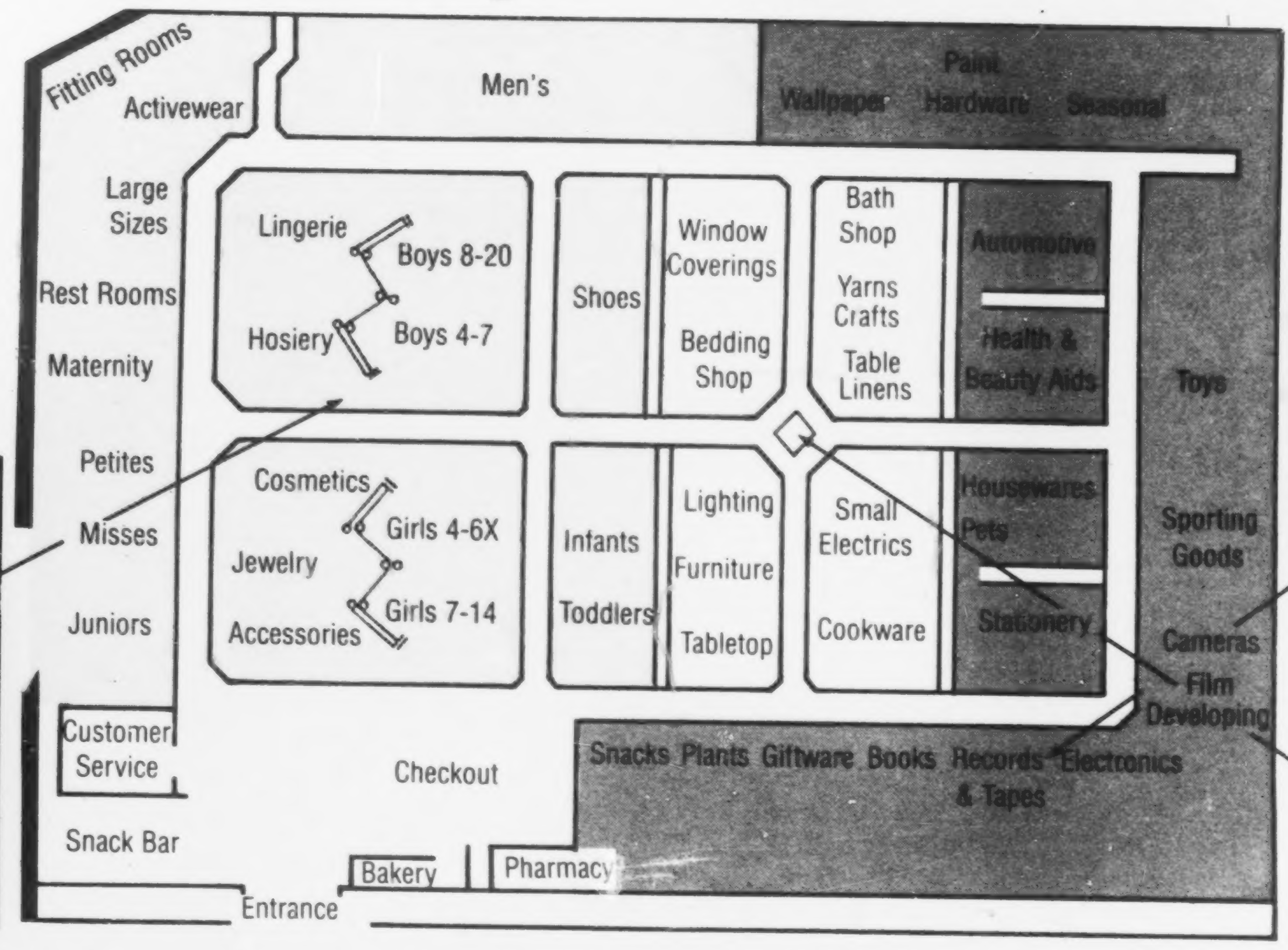
The three worlds are separated by freestanding walls in the store's core that stretch nearly to the ceiling. Each world is denoted by a distinctive floor pattern; apparel areas are carpeted, home goods departments have a checkerboard pattern of sand and gray tiles, while other hard lines departments have solid sand-colored flooring.

Virtually every wall within the store is headed by a series of three backlit "lifestyle" photographs showing people using the particular department's merchandise.

The store is set for its official grand reopening in the middle of this month. Store personnel said the relaying and restocking of departments took between 60 and 90 days.

For the most part, merchandise in the store is the same as elsewhere in the chain. A notable exception was in the con-

(Continued on page 164)


Fitting Rooms
Activewear
Men's
Paint
Wallpaper
Hardware
Seasonal
Large Sizes
Rest Rooms
Maternity
Petites
Misses
Juniors
Lingerie
Boys 8-20
Hosiery
Boys 4-7
Cosmetics
Girls 4-6X
Jewelry
Girls 7-14
Accessories
Shoes
Window Coverings
Bedding Shop
Bath Shop
Yarns Crafts
Table Linens
Automotive
Health & Beauty Aids
Toys
Infants
Toddlers
Lighting
Furniture
Tabletop
Small Electrics
Cookware
Housewares
Pets
Stationery
Sporting Goods
Cameras
Film Developing
Customer Service
Checkout
Snacks Plants Giftware Books Records & Tapes Electronics
Snack Bar
Bakery
Pharmacy
Entrance

3rd Annual Store Mgr. Survey

Top Brands Poll Reflects Mix Changes

Nationwide DSN Report

Discount Store News has now completed its third consecutive yearly survey of store managers nationwide about top brands.

Results of the 1985 Top Brands poll begin on page 81.

The survey findings reflect the latest perceptions of discount department store managers about which brands are at the head of 17 key soft goods and hard goods departments in their stores.

Latest findings, reported in-depth in this issue, reflect several industrywide merchandising trends—such as discounter's strengthened commitments to brand names and widespread attempts to upgrade fashion, quality and price points.

But one of the most interesting aspects of the report lies within the lists of managers' most-favored brands in each department. The rise of some brands and the decline of others, from year to year, reflect ongoing change in the nature of some departments' merchandise mix.

In consumer electronics, for example, the decline of the home computer market and increased consumer favor for such items as videocassette recorders, boom boxes, personal stereos and televisions are reflected in a radically revised mix of top brand citations.

Such brands as Emerson, Soundesign and RCA have been able to join General Electric and Panasonic on the top five list, displacing Atari, Commodore and Texas Instruments, which virtually ruled the roost back in 1983.

(Continued on page 82)

IN BRIEF

- **AMES DEPARTMENT STORES SHAREHOLDERS HAVE** voted for a 2-for-1 common stock split for shareholders of record Oct. 18. It's the company's fourth stock split in five years.

- **GEMCO PLANS TO OPEN A THIRD 110,000-SQ.-FT.** store in its latest prototype format this quarter in Duarte, Calif. The initial two "have exceeded sales and profit expectations, and draw shoppers from a wider radius than the rest of the chain," a spokesman said.

MAGIC
MEN'S APPAREL GUILD IN CALIFORNIA
International
Pier Connection

Buyers Look For the MAGIC Touch

Men's and boys' wear merchandisers were set to search for excitement at the Men's Apparel Guild in California (MAGIC) show in Los Angeles. In shopping spring '86, they say their biggest challenge is to add sparkle and spice to a men's wear business that has become increasingly basic this year. Although the first shipments of spring looks are on order, a look at colors and stylings inspired in the warm West Coast climate was expected to help merchandisers solidify thinking. Simple sportswear, related looks and some new colors to broaden the spectrum in men's were among areas being sought by those headed to Los Angeles.

Service Merchandise Moves to Revamp Ads, Image —See p. 39.

marshalls
T.J.maxx
Burlington Coat Factory
Loehmann's
Hit or Miss

Off-Price Apparel Census

Top 14 Off-Pricers
Near $4B Sales mark;
Industry Census, p. 49

Index

At the Source 68,77
Catalog Showroom News . . 39, 42
Classified 159-162
Editorial Page 6
Executive Changes 37
Manufacturer News 154
Stock Update 4

Top Off-Price Apparel Chains

Chain	Sales (millions) (latest fiscal year)	Number of Stores Jan. '84	Jan. '85	Jan. '86	To Be Added in '86	Avg. Store Size (sq. ft.)
Marshalls	$1,189.5	174	209	222	10	30,000
T·J·maxx	649.1*	118	156	191	35	24,000
Burlington Coat Factory	309.7	51	68	80	20	58,000
Loehmann's	305*	67	72	82	10	15,000
Hit or Miss	278.2*	375	401	435	45	4,000
ROSS	210.5	26	66	100	34	30,000
SYMS	204.3	11	14	16	2	42,000
FILENE'S BASEMENT	188.8	14	15	17	N.A.	30,000
designer depot	128*	30	52	70	N.A.	16,000
DRESS BARN	103[A]	87	157	185	30	4,600
CLOTHESTIME	98	126	155	185	35	4,000
TH MANDY off-price	90.7*	16	18	16	0	1,000
KIDS MART LABELS FOR LESS	73.4[B]	120	167	202	50	3,000
NBO	54.5	13	16	19	4	10,000

*N.A. not available. *DSN estimates. [A]Dress Barn fiscal year ended 7/30/85 [B]Kids Mart includes 19 Little Folk full-markup stores.*

Source: DSN *research*

The Heat Is on as Rivalry Spreads

By KAREN PAXTON

The heat is on in the off-price apparel industry.

The success of Ross Stores, ClothesTime, Dress Barn, Burlington Coat Factory and Syms has been tempered by the demise of Pic-A-Dilly, Plums and Off-the Rax over the past year. The slow ongoing death of J. Brannam which has shrunk from 37 units to 13 since January as the chain closes unprofitable stores market by market underscores that an industrywide shakeout is still claiming victims.

Meanwhile growth is naturally slowing for older chains, including No. 1 Marshalls which operates 222 30,000-sq.-ft. stores in 30 states. Newer operations such as Hit or Miss, Designer Depot and T. H. Mandy are still carrying a niche in the highly competitive marketplace.

K mart's Designer Depot operation started to scale back on its fashion position to attract a broader customer base last spring. At Zayre's Hit or Miss chain, president Stanley Adler has cut back on imports 25% and is reportedly re-evaluating everything from the company's real estate strategies to its systems for adjusting the mix to climatic difference throughout the chain.

Phase one of the industry's shakeout clearly hit hardest among the smaller, less focused and less operationally sound apparel off-pricers.

This year, streamlined operations, search for higher profit categories and more efficient ways to execute are strategies for success mentioned by off-price chain executives polled *Discount Store News*.

Despite the problems, sales of the industry as a whole increased by 23% to $8.5 billion during 1984, according to Columbus, Ohio-based Management Horizons. Although the latter consulting firm has projected 28% annual gains until 1990, T. J. Maxx president Bernard Cammarata expects a more modest 20%-a-year increase for the industry for the rest of the decade.

The larger multiclassification chains like Maxx, Ross and Marshalls are going to start having their share of troubles, predicted Paul Reisbord, chairman of C&R Clothiers, a California-based men's wear off-pricer. He feels the most narrowly focused operations with a clear niche will fare best as the industry matures. C&R, for example, sells only men's suits and sports jackets with a limited assortment of accessories.

Management at the highly successful ClothesTime obviously agrees, since that chain went back to a juniors-only format this year. An effort to attract more older women who spend more per purchase by adding career clothing hurt margins, reported William Mowbray, senior vp, finance.

Reisbord's prediction about the larger chains holds some merit. This year Ross Stores went public to help finance its aggressive expansion eastward. The chain lands on the east coast of Florida this fall.

Although expansion seems to be slowing at Marshalls, T. J. Maxx plans to open 35 stores a year for the next five years. After 1987, Maxx will begin tackling new West Coast markets, reported Cammarata. Since Marshalls, Maxx and Ross are similar in offering family apparel, shoes, domestics and some gifts, they can only further slice the off-price pie as they enter each other's markets.

Burlington Coat, which offers family apparel, is working to strengthen its stance as an outerwear stronghold by taking over its fur coat merchandising from the lessee. Chain president Monroe Milstein is hoping to double or triple a fur business that accounts for 5% of store volume by setting up company-run departments chainwide within a year.

Adding new categories or expanding ones are part of growth plans at younger, smaller operations such as Ashby's and U.S. Shoe's Front Row operation. At the Ashby's ladies' wear chain an ongoing plan sets up intimate apparel departments—sans foundations—in all the stores. Front Row, which carries family apparel, is planning to add young juniors, intimate apparel and full-figure departments next year.

"When you find one of these hiding in your hedge don't say I didn't warn you." Tim Conway

"In cities all across the country, Popples will be hiding in hedges, mailboxes, on doorsteps, inside phone booths. So look in your nooks and check your crannies. The Popples are on the loose!"

This is the biggest people-pleasing public relations event in the history of licensing! This new species of fun, Popple-us Adorable-us, will be invading cities all across America. They'll be hiding in busy downtowns, at suburban shopping malls, near neighborhood schools. But people are sure to find and capture them — especially when they see our posters offering rewards for Popples finders. It's guaranteed fun, guaranteed publicity — and Popple-ar word of mouth excitement!

And that's just the start of our PR Popple-arity. Count on a huge advertising campaign, family TV specials and a children's TV series to make Popples America's favorite active play characters.

Popples are going to pop up all over America. That's why we say, "Popples are products little people play with."

Popples

THOSE
CHARACTERS
FROM
CLEVELAND

TOP BRANDS

Nationwide DSN Report

National labels are wielding more power at America's discounters than ever before.

Branded assortments have grown in each of 17 key departments studied at discount department stores this year.

Moreover, 65% of discount store managers polled across the U.S. agreed that national brands will contribute more to store volume growth than private labels or store brands.

These results are part of *Discount Store News*' third annual Top Brands Study, which was conducted for *DSN* by Leo J. Shapiro & Associates, Chicago. A total of 341 store managers from such chains as K mart, Wal-Mart, Zayre and Target were polled in the nationally projectable study.

National Survey Reveals Store Managers' Top Brands

Housewares Rubbermaid Corning Anchor Hocking General Electric Ekco	**Hardware** Black & Decker Stanley Glidden General Electric Lucite
Consumer Electronics General Electric Panasonic Emerson Soundesign RCA	**Food/Candy/Snacks** Hershey Planters Mars Frito-Lay Brach's
Photo/Camera Kodak Polaroid Canon Minolta Fuji	**Toys** Fisher-Price Mattel Coleco Hasbro Playskool
Automotive Quaker State Pennzoil Fram STP Valvoline	**Stationery** Mead Bic Papermate Parker American Greetings
Sporting Goods Coleman Wilson Spalding Zebco Igloo	**Men's Apparel** Wrangler Lee Levi's Fruit of the Loom McGregor
Personal Care Conair Clairol Norelco General Electric Remington	**H&BA** Johnson & Johnson Revlon Procter & Gamble Clairol Crest
Ladies' Apparel Lee Wrangler Levi's Gitano Chic	**Children's Apparel** Garanimals Lee Carter's Wrangler Healthtex
Cosmetics Maybelline Revlon Cover Girl Max Factor L'Oreal	**Domestics** Cannon St. Mary's J. P. Stevens Pepperell/West Point Burlington
Household Chemicals Procter & Gamble Tide Clorox Windex Lysol	Leading brands in 17 merchandise categories were named by store managers nationwide, in a poll conducted for *DSN* by Leo J. Shapiro & Associates.

Managers at both conventional and upscale-format discount chains said more of their store inventories are being converted to national brands. Indeed, 48% of the discounters surveyed said their name brand assortments had increased during the past 12 months.

Findings showed that discounters expanded branded assortments most often in the housewares, ladies' and men's apparel, and health & beauty aids departments.

The appearance by housewares at the head of the list—with 22% of managers citing brand growth there—reflects discounter efforts to upgrade assortments in some categories, elevate margins and improve the department's fashion appeal.

Predictably, conventional discounters spoke of housewares brand growth more often, as they try to catch up the fashion stance of upscalers.

Apparel's high placement was also somewhat expected, given discounters' ongoing efforts to build the presence of labels in this high-image, high-margin department. In comparison, many hard lines departments are filled with a mature mix of brands.

Like housewares, ladies' apparel is also marked by more perceived brand growth at conventional chains than upscalers. However, upscalers indicated the greatest brand growth in men's wear.

Where Name Brands Are Growing

Department	All Discounters	Conventional Discounters	Upscale Discounters
Housewares	22%	23%	19%
Ladies' Apparel	18	19	15
Men's Apparel	16	14	20
H&BA	14	17	12
Cosmetics	9	12	3
Hardware	9	8	11
Consumer Electronics	6	5	8
Children's Apparel	5	4	8
Sporting Goods	5	5	4
Automotive	3	3	4

National labels made their greatest inroads this year in housewares, ladies' and men's apparel, according to a *DSN* survey of store managers. Of those polled, roughly 1 in 5 said branded stocks grew in these areas more than in any other department.

Source: DSN/Leo J. Shapiro & Associates

Conventional managers also exceeded upscalers by a visible margin when naming H&BA as a department where brand assortment is climbing. Conventional discounters saw this occurring 17% of the time, compared with 12% at upscalers.

Cosmetics and hardware were the only other two departments to experience significant name brand growth.

Neither current inventory changes nor manager perceptions throughout the survey are uniform. As findings show, they vary by store location, size, volume and product category.

Overall, the trend to expand national brands appears to have more steam at traditional chains than upscalers. The upscalers, it appears, are already nearer where they want to be in brand-name representation.

That contrast is most evident when looking at responses from individual chains such as K mart and Target. At K mart, 82% of managers polled said they carried more branded merchandise today than a year ago. At Target, 45% of managers surveyed said the same.

Assortments of national brands also grew more rapidly at discount department stores in the 60,000-100,000-sq.-ft. and 100,000-plus-sq.-ft. size ranges than in smaller formats.

Index

Automotive 140
Children's Apparel 113
Consumer Electronics .. 92
Cosmetics 138
Domestics 124
Food/Candy/Snacks .. 151
Hardware 116
H&BA 112A
Household Chemicals . 136
Housewares 128
Ladies' Apparel 110
Men's Apparel 109
Personal Care 112C
Photo/Camera 97
Sporting Goods 95
Stationery 146
Toys 85

DSN's New Top Brands Survey Reflects Ongoing Mix Changes

(Continued from page 1)

On the other hand, change has been less dramatic in the food/candy/snacks department. Brands of chocolate, chips and nuts have consistently been managers' favorites, making it impossible for any soft drink, grocery or cookie and cracker brand to crack the top five.

Frito-Lay reappeared on this list after a one-year absence. It took the place of M & M, which is actually a manufacturer, not a brand. The M & M brand, Mars, held firmly in the third position which it first copped in 1984.

In personal care, the most apparent change has been the lower frequency of mention of General Electric as a top brand, from 48% and a No. 1 position in 1984 to 32% and a fourth spot in 1985.

More than anything, that seems to reflect the ongoing brand transition to Black & Decker.

Meanwhile, a trend to basic brands, and away from designer names, is apparent from survey findings in ladies' apparel.

Calvin Klein, Jordache and Sasson are no longer among managers' favorite five, as they were before 1985—when discounters stocked their shelves with these diverted brands. The department today remains dominated by such basic labels as Lee, Wrangler and Levi's.

Chic and Gitano, which have branded appeal and are distributed directly to discounters, have recently landed in the top five.

Brand loyalty in children's apparel is lower than in men's and ladies' wear, as measured by how frequently discounters cited specific top brands in this department.

The brand mentioned most often by managers, Garanimals, was named just 16% of the time in 1985—a frequency that would place it no better than fourth in ladies' apparel and fifth in men's wear.

Year-to-year comparisons within children's wear further illustrate the softness in brand loyalty here. As examples, Garanimals was named by 21% of managers polled in 1983 and 16% this year' Lee, the No. 2 brand, was named 21% of the time in 1983 and 14% this year; Wrangler mentions slipped from 17% in 1983 to 11% in 1985.

When managers named their top toy brands this year, Hasbro landed firmly in the top five for the first time.

The increased popularity of Hasbro is likely attributable to its purchase last year of Milton Bradley, and the continued sales strength of its Transformers line.

In photo/camera, the top four of Kodak, Polaroid, Canon and Minolta have shuttered the entry of other brands into leadership positions. The fifth spot has shifted this year from Pentax, a brand of 35mm cameras and accessories, to Fuji, a film brand.

The lock on leadership in hardware appears even stronger, with the Black & Decker and Stanley tandem swapping the Nos. 1 and 2 spots each year.

Glidden appeared as the fourth-leading hardware brand in 1983 and 1984, but rose to third this year, as its frequency of mention by managers climbed to 15% in

(Continued on page 83)

Discounters Carrying More Brands
(% reporting growth in national brands carried)

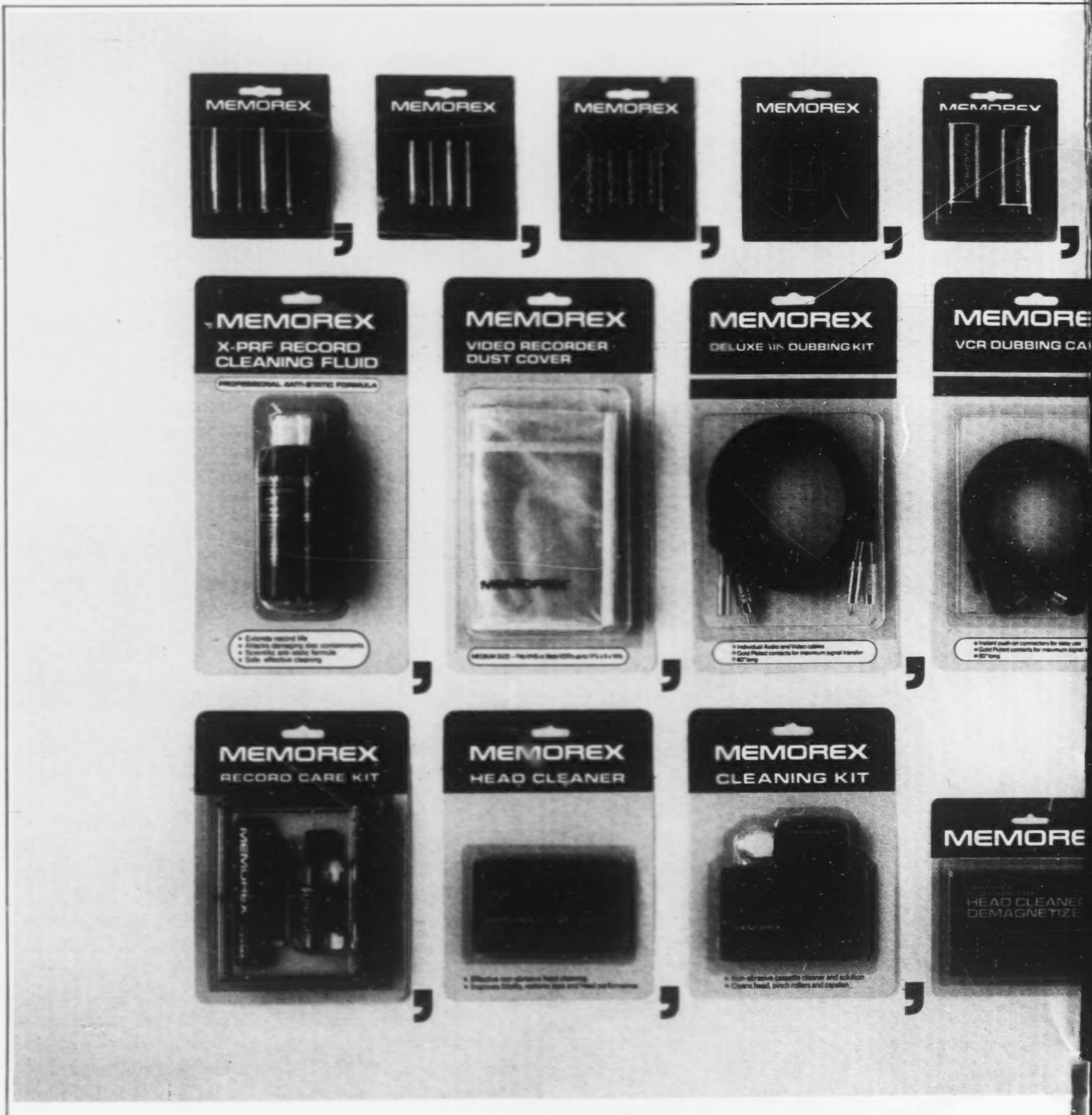
Growth	1985	1984	1983
Greater	48%	54%	61%
Same	49	43	36
Less	2	3	3
Not Answering	1	—	1

Source: DSN Research/Leo J. Shapiro & Associates

Where Name Brands Are Growing—All Discounters

Department	1985	1984	1983
Housewares	22%	22%	20%
Ladies' Apparel	18	22	26
Men's Apparel	16	21	23
Health & Beauty Aids	14	22	16
Cosmetics	9	—	8
Hardware	9	10	18
Consumer Electronics	6	7	8
Children's Apparel	5	5	7
Sporting Goods	5	0	8
Automotive	3	4	—

Source: DSN Research/Leo J. Shapiro & Associates



What we've been doing for years with tape, we're now doing with Accessories and Batteries.
Making your profits strong with high-margin items in two of the fastest growing categories in the business.
Each line is packaged to move.
Each line is supported by individu promotional and merchandising programs. And best of all, each carries the Memorex® name.

Where Name Brands Are Growing—Conventional Discounters

Department	1985	1984	1983
Housewares	23%	22%	18%
Ladies' Apparel	19	23	25
Health & Beauty Aids	17	19	16
Men's Apparel	14	19	25
Cosmetics	12	—	10
Hardware	8	12	20
Consumer Electronics	5	6	8
Sporting Goods	5	7	7
Children's Apparel	4	5	5
Automotive	3	5	—

Source: DSN Research/Leo J. Shapiro & Associates

Where Name Brands Are Growing—Upscale Discounters

Department	1985	1984	1983
Men's Apparel	20%	27%	12%
Housewares	18	21	28
Ladies' Apparel	15	21	31
Health & Beauty Aids	12	34	15
Hardware	11	4	10
Children's Apparel	8	8	16
Consumer Electronics	8	10	8
Automotive	4	—	—
Sporting Goods	4	12	5
Cosmetics	3	—	—

Source: DSN Research/Leo J. Shapiro & Associates

New Survey

(Continued from page 82)

1985, up from 6% a year ago.

In housewares, the glassware brand Anchor Hocking cracked into the top five for the first time in 1985, when 17% of managers named it a top brand. That caused some shuffling among the Nos. 3, 4 and 5 brands, but left untouched the kings of the kitchen—Rubber-maid and Corning.

It's notable that for the first time this year, the Corning tableware brand, Corelle, wasn't among the top five named by managers. However, the Corning brand itself had more mentions in 1985, 21%, than in 1984, 18%.

Important Role

Ekco, in the fifth position in 1984 and tied for fourth in 1985, also was named more often as a top brand this year: 14% compared with 10%.

Brand growth continued at discounters, while managers expressed strong optimism over full-year 1985 sales prospects at their stores. A total of 44% of managers polled predicted double-digit sales gains in the current year.

They felt optimistic, despite the general softness in the economy, because they've seen merchandising changes being implemented in their stores. When asked if they saw merchandise quality and price points being uplifted, 38% said "yes."

Most often, they cited "clothing" (11%) as an area being upgraded. Following closely was the more specific reference to ladies' apparel (7.3%) and housewares (7%).

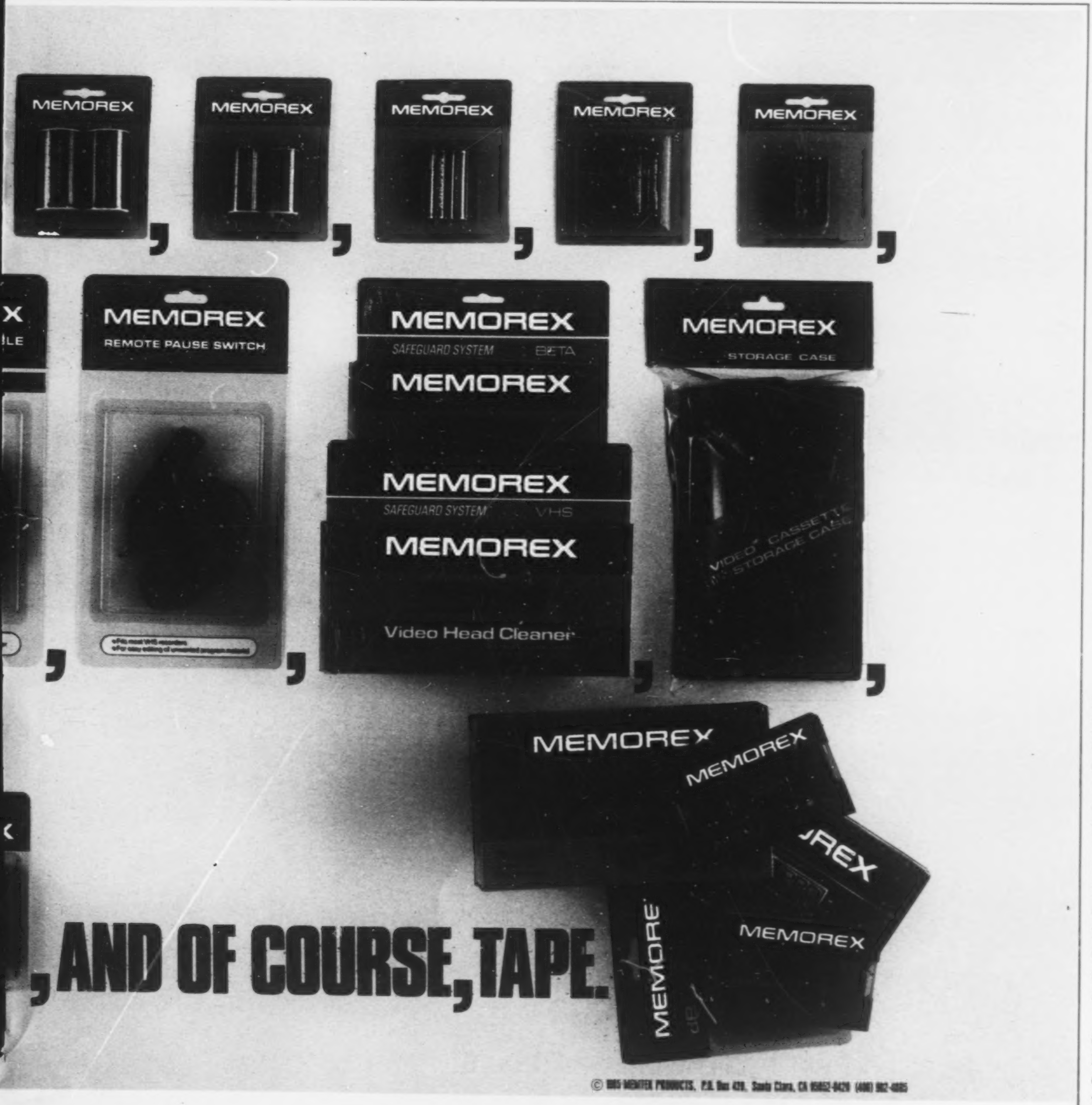
About 3% also cited such efforts in men's apparel, hardware, domestics, appliances, toy, consumer electronics and H&BA.

Figures Analyzed

More than half the store managers polled, 51.2%, also perceived that the number of sku's in their stores had risen during the past year. Only 19.3% felt that sku's had declined, while 25.7% observed no change.

When looking at where brands have grown the most, managers fairly consistently each year placed the same five departments at the head of the list: men's and ladies' apparel, housewares, health & beauty aids and hardware.

Such activity in apparel and housewares mostly reflects fashion efforts at discount department stores, where new brands, new styles and higher price points have been a recent rule. Indeed, these departments have kept the brand-growth lead among themselves throughout the three-year history of the top brands study.



A name your customers know and trust.

Add that to our network television and national print campaign, and you've got an unbeatable package.

So from now on, don't just think of us as the people bringing you big profits on audio and video tapes. Because Memorex Accessories and Batteries bring you big profits too.

YOU'LL FOREVER WONDER, IS IT LIVE, OR IS IT MEMOREX™

Fisher-Price Is No. 1; Mattel 2nd

Nationwide DSN Report

Fisher-Price headed this year's toys top brands list with citations by almost 7 out of 10 discount store managers.

Managers from upscale chains were even stronger in their support of Fisher-Price, maker of educational and preschool toys, with 80% mentioning the label as a top brand.

Following seven percentage points behind the leading brand, with mentions by 60% of those polled was Mattel. Although it fell only slightly behind Fisher-Price in its popularity in conventional discount stores, Mattel lagged far behind the No. 1 brand in upscale chains, where it was mentioned by 53% of managers surveyed.

Overall strength weakened considerably in the remaining eight on the top brands list. Although No. 3 on the list, Coleco was named by only 32% of discount store managers. Its popularity was greater though, in upscale chains, where it was mentioned by 44% of those polled. No doubt the continuing strength of Coleco's Cabbage Patch is augmenting this brand's popularity.

Both of the remaining top five brands, Hasbro and Playskool, were mentioned by 25% of store managers. However, while Hasbro won fairly consistent responses across the board, Playskool was considerably more popular in upscale chains than in conventional discount stores. The brand was cited by 38% of managers at upscale chains vs. 21% at traditional chains.

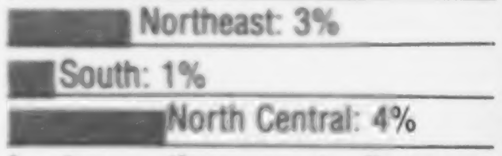
No. 6 on the list was Kenner, with mentions by 18% of store managers. Milton Bradley, No. 7, with 16% is the more popular of two board game brands on the list. The other is Parker Brothers, which took the No. 10 spot with 5%.

The remaining brands on the list include Tonka, No. 8, and Huffy, No. 9, which specializes in bicycles and ride-on toys.

Again, in the regional breakout the top two brands, Fisher-Price and Mattel, received much stronger responses than did the remaining top brands. However, in two regions—the South and

(Continued on page 92)

Growth Regions



In toys, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the North Central States—4%.

Source: DSN/Leo J. Shapiro & Associates

Toys

How Industry's Top 5 Fare at Chains

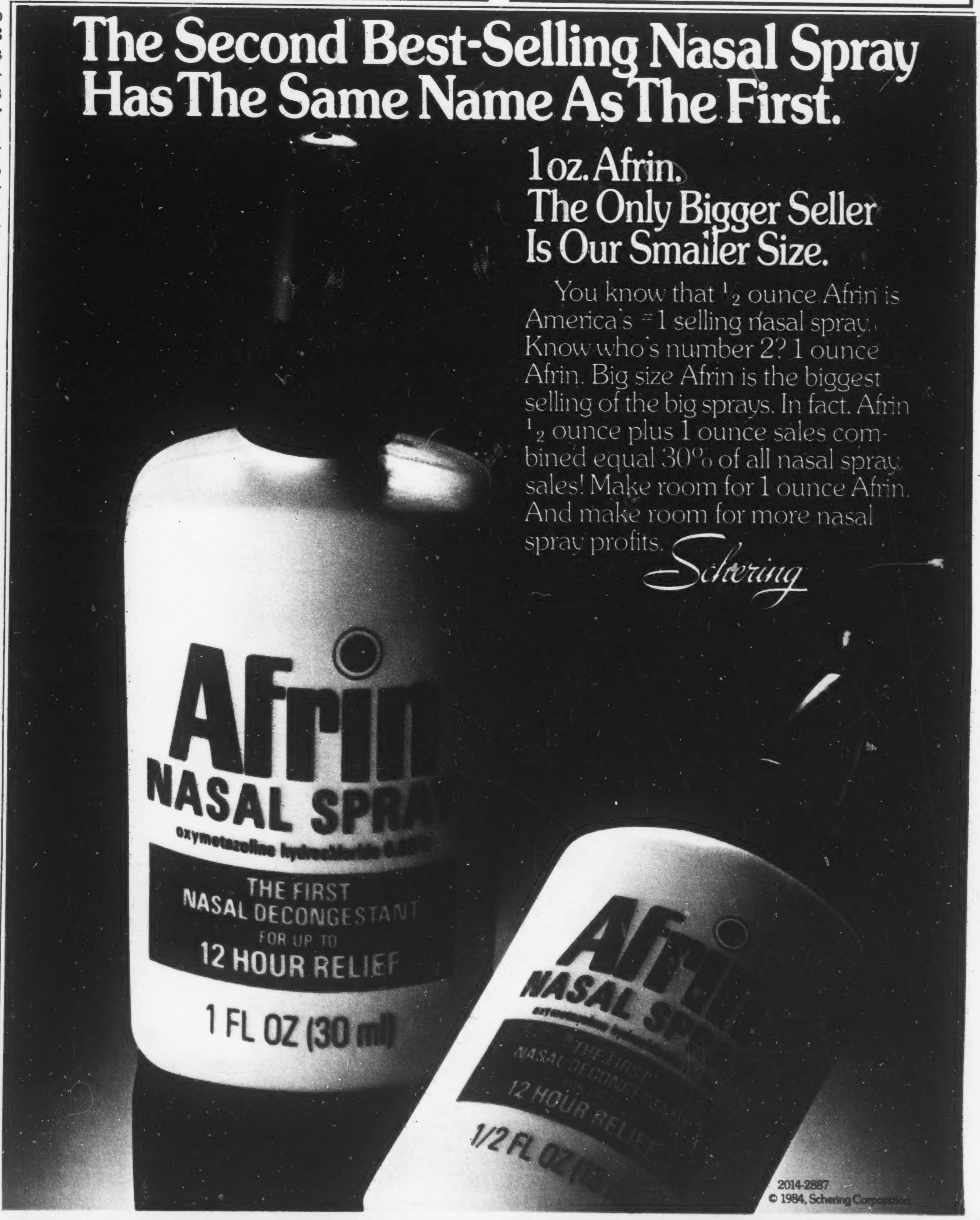
Brands	K mart	Wal-Mart	Zayre	Target
Fisher-Price	52%	63%	91%	79%
Mattel	62	61	41	59
Coleco	23	19	47	34
Hasbro	31	23	19	41
Playskool	28	20	48	32

Source: DSN/Leo J. Shapiro & Associates

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Fisher-Price	67%	62%	80%
Mattel	60	61	53
Coleco	32	29	44
Hasbro	25	24	26
Playskool	25	21	38
Kenner	18	18	17
Milton Bradley	16	18	15
Tonka	15	16	11
Huffy	6	7	2
Parker Brothers	5	5	7

Source: DSN/Leo J. Shapiro & Associates


The Second Best-Selling Nasal Spray Has The Same Name As The First.

1 oz. Afrin.
The Only Bigger Seller
Is Our Smaller Size.

You know that ½ ounce Afrin is America's #1 selling nasal spray. Know who's number 2? 1 ounce Afrin. Big size Afrin is the biggest selling of the big sprays. In fact, Afrin ½ ounce plus 1 ounce sales combined equal 30% of all nasal spray sales! Make room for 1 ounce Afrin. And make room for more nasal spray profits.

Schering

2014-2887
© 1984, Schering Corporation

Toys

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Fisher-Price	63%	57%	75%	74%
Mattel	42	61	51	87
Coleco	34	33	31	32
Hasbro	17	24	24	36
Playskool	27	16	36	19
Kenner	12	21	22	11
Milton Bradley	21	13	17	17
Tonka	10	12	22	13
Huffy	4	10	6	—
Parker Brothers	7	3	8	4

Source: DSN/*Leo J. Shapiro & Associates*

Continued consumer enthusiasm for Cabbage Patch has led to Coleco's mention by almost a third of store managers. At Clover, Lancaster, Pa., the dolls were available for the store's opening. *(DSN photo)*

Toys

(Continued from page 85)

the West—Mattel came out the top brand over Fisher-Price.

In the West, Mattel received a stronger regional response than any other brand, with mentions by 87% of managers. Mattel received citations by 74% of managers in that region.

In the South, 61% of managers cited Mattel vs. 57% for Fisher-Price.

However, in the Northeast, Fisher-Price was mentioned by 63% of managers, 21 percentage points above Mattel. In the North Central region the difference was even greater, with 75% of managers citing Fisher-Price vs. 51% for Mattel.

The strength of the remaining top five brands also varied by region, although here, the overall support was not as great as for the two leaders. Coleco took third place with 34%, in the Northeast and with 33% in the South. In the North Central region, Playskool, the No. 5 brand overall, was the third most popular brand with mentions by 36%. In the West, Hasbro, the No. 4 brand overall, was given third place with 36%.

The by-chain breakout revealed wide differences in brand strenth among K mart, Wal-Mart, Zayre and Target.

At Zayre, Fisher-Price won huge support with mentions by 91% of store managers—overshadowing even the considerable 79% of managers at Target who supported the brand. At Wal-Mart, Fisher-Price was given the nod by 63%, and at K mart by 52%.

With Mattel, brand strength was fairly consistent among K mart, Wal-Mart and Target.

3 Brands Score, None by Huge Margins

Nationwide DSN Report

Discounters were most tuned into General Electric, Panasonic and Emerson as their top consumer electronics brands, according to survey findings.

But all of the top 10 department brands scored double-dig-it ratings, reflecting the fact that there are no runaway favorites in consumer electronics.

Even the top brand, General Electric, was mentioned by fewer than half of managers polled. G.E. was cited by 40% of all discounters surveyed, but had considerably stronger support among managers at conventional chains. They named the brand 43% of the time, compared with 30% at upscalers.

Indeed, G.E. fared best by a wide margin at conventional chains, but was rated third by upscalers, behind Panasonic and Magnavox.

Panasonic, the No. 2 brand overall at 32%, found most of its support at upscalers, who named it four times in 10; fewer than 3 in 10 at conventional chains named the brand.

Emerson and Soundesign, the third- and fourth-leading brands among discounters polled, had equivalent support from managers at conventional and upscale chains. So did Commodore, which placed seventh, at 15%.

However, the rest of the brands on the list couldn't enjoy such a consensus. For instance RCA was favored by 23% of managers at conventional discount chains, but just 7% of upscalers. That was enough to place the brand fifth, at 19%.

Sony, the No. 6 brand overall, at 16%, was cited by 28% of upscalers, who considered it to be their fourth-leading brand. However, just 13% of conventional managers named Sony.

Sanyo and Magnavox found most of their favor at upscalers, who mentioned them in high frequency. Magnavox, No. 9 overall, was the second-leading consumer electronics brand at upscalers, at 34%. Sanyo, the No. 8 brand overall, was cited by 25% of managers at upscale chains. Both measures were far greater than these brands received among managers at conven-

(Continued on page 95)

Consumer Electronics

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
General Electric	40%	43%	30%
Panasonic	32	28	40
Emerson	26	26	24
Soundesign	20	21	19
RCA	19	23	7
Sony	16	13	28
Commodore	15	16	16
Sanyo	13	7	25
Magnavox	12	3	34
Gold Star	10	13	—

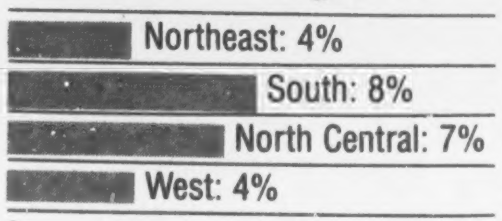
Source: DSN/*Leo J. Shapiro & Associates*

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
General Electric	59%	18%	20%	21%
Panasonic	29	42	3	64
Emerson	11	44	60	27
Soundesign	28	27	9	29
RCA	44	66	—	4

Source: DSN/*Leo J. Shapiro & Associates*

Growth Regions



In consumer electronics, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the South—8%.

Source: DSN/*Leo J. Shapiro & Associates*

CONSUMER ELECTRONICS/TOP BRANDS

Brand Support Varies Widely by Region

(Continued from page 92)

tional chains.

Conversely, Gold Star, which rounds out the top 10 list, was cited by 13% of conventional managers, but virtually no upscalers.

The range of opinions about which brands are best in consumer electronics varied greatly among managers at leading chains. Managers polled at each of four leading discounters—K mart, Wal-Mart, Zayre and Target—named different brands as their best.

K mart managers gave the nod to General Electric, at 59%; Wal-Mart managers favored RCA, at 66%; Zayre managers preferred Emerson, at 60%; Target managers named Panasonic most often, 64% of the time.

The lack of consensus at major chains underscores the different brands used by discounters to position their consumer electronics departments. The appearance of just one computer brand on the top 10 list, Commodore, reflects discounters' middling performance in selling computerware.

None of the top brands fared well at all of the top chains studied. For instance, General Electric was named by 59% of K mart managers, but only about 20% at the other three chains. Panasonic was most favored at Target, 64%, but was a distant third at Wal-Mart and K mart, and had minimal support at Zayre.

Emerson was named most often by Zayre managers, and was the second-favored brand at Wal-Mart, but slipped elsewhere. Soundesign was rated consistently at most.

RCA won Wal-Mart and placed second at K mart, but support at Target and Zayre was nominal.

Support for particular brands also varied widely on a regional basis. General Electric and Panasonic had the most balanced ratings across the country, but many others among the top 10 didn't share such universal acclaim.

Consumer Electronics

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
General Electric	35%	36%	39%	51%
Panasonic	35	32	33	27
Emerson	29	34	29	7
Soundesign	9	23	28	13
RCA	14	23	19	16
Sony	15	15	20	13
Commodore	10	14	17	18
Sanyo	20	8	13	13
Magnavox	6	10	25	—
Gold Star	9	14	10	6

Source: DSN/Leo J. Shapiro & Associates

PORTABLES
VIDEO RECORDERS
NICHOLS
249
STEREO SYSTEMS

The popularity of boom boxes, rack stereo systems and televisions contributed to managers' high brand ratings of General Electric, Panasonic and Emerson. Nichols, Hagerstown, Md., stocks these key classifications. (DSN photo)

SPORTING GOODS/TOP BRANDS

Outdoor Equipment Lands 6 of Top 10

Nationwide DSN Report

Sporting goods merchants are being lured by the great outdoors.

A dominant 6 out of 10 positions on sporting goods' top brands list were copped by brands of outdoor and recreational equipment for fishing, camping and hunting. Team equipment and apparel brands completed the list of favored sporting goods among discount store managers surveyed nationwide.

Coleman blazed the trail among all brands, and led the group of outdoors brands by a wide margin. Discount store managers overall named Coleman 43% of the time, and was favored slightly more by upscalers.

Wilson, the No. 2 brand overall, was cited by 34% of managers, and was the only brand to rival Coleman's popularity among managers at upscale stores. Wilson came in a close second at upscalers, by a 49% to 47% margin, but was a more distant runner-up among managers at conventional stores.

Spalding, the No. 3 brand among managers surveyed, trailed Wilson only slightly at conventional stores, 28% to 25%, but was a far more distant third among upscalers, 47% to 28%.

Outdoor brands captured five of the remaining seven top brands positions, ranging in total mentions from 8%-17% among all discount store managers polled. Three of these were fishing tackle brands.

Zebco, at 17% and the No. 4 brand overall, led this group. Zebco was favored almost twice as much by managers at conventional discounters, 19%, than upscalers, 11%.

Also scaling the top brands list were the fishing tackle brands Daiwa, No. 6 overall, and Garcia, No. 10. Among all managers polled, 13% cited Daiwa as a top brand, and 8% cited Garcia. For both brands, support among conventional chains and upscalers were fairly balanced.

Igloo and Remington, the No. 5 and 7 brands in the overall perception of discount sporting goods merchants, are the other outdoors brands most favored by managers polled. Igloo was named by more upscalers, 19%, than conven-

(Continued on page 99)

Sporting Goods

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Coleman	43%	42%	49%
Wilson	34	28	47
Spalding	26	25	28
Zebco	17	19	11
Igloo	15	15	19
Daiwa	13	13	12
Remington	11	15	6
Diversified	10	5	21
MacGregor	9	12	3
Garcia	8	9	5

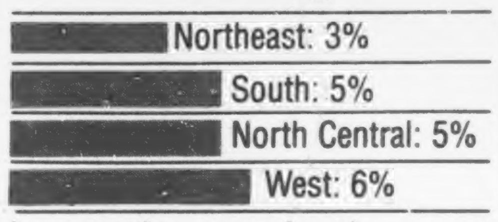
Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Coleman	22%	43%	45%	38%
Wilson	23	10	77	47
Spalding	23	14	63	26
Zebco	11	56	3	6
Igloo	11	23	3	18

Source: DSN/Leo J. Shapiro & Associates

Growth Regions



In sporting goods, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the West—6%.

Source: DSN/Leo J. Shapiro & Associates

Kodak, Followed by Polaroid, in Lead

Nationwide DSN Report

When discounters speak of their favored photo brands, they focus most sharply on Kodak.

The familiar brand of easy-to-use cameras, film and darkroom supplies was named the top department brand by 88% of discount managers polled. Conventional chain managers named Kodak 89% of the time, slightly more than upscalers' 84% level of mention.

No other photo brand came close, but Polaroid came closest. The instant film and camera brand, No. 2 overall in the opinion of discounters polled, was considered a top brand by 48% of managers. Slightly more than half at conventional chains named Polaroid, providing its strongest base of support.

In the third position, Canon led the pack of 35mm camera brands on the top 10 list—including Minolta, Nikon, Pentax and Olympus.

Although Kodak as a single brand dominated the list, the diversity of classifications on the top brands list underscored the department's broad-based sales draw. Camera brands on the list include point and shoot, instant, rangefinder and single lens reflex types. Film, battery and accessories brands also were represented.

Minolta, which rated fourth overall at 29%, came closest to overtaking Canon at conventional stores, where managers named it a top brand 28% of the time. Even though Minolta was cited by more upscalers, 34%, Canon was also more popular here.

Indeed, Canon was the second-leading brand at upscalers, who named it 50% of the time.

Together, Canon and Minolta far outdistanced other brands of sophisticated cameras. Nikon achieved its 8% overall rating because 22% of upscalers cited it, but only 3% of conventional managers. Pentax was cited a top brand by just 6% of discounters polled. Olympus was considered a favorite by 4%.

Fuji, a film brand that competes with Kodak, snapped up the No. 5 brand position, as 11% of managers

(Continued on page 98)

Photo, Camera

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Kodak	88%	89%	84%
Polaroid	48	52	37
Canon	36	31	50
Minolta	29	28	34
Fuji	11	12	9
Nikon	8	3	22
Pentax	6	4	10
Continental	4	5	—
Olympus	4	4	3
Duracell	3	3	3

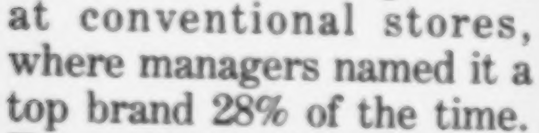
Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Kodak	92%	94%	97%	90%
Polaroid	44	59	77	36
Canon	44	35	—	28
Minolta	69	13	21	23
Fuji	19	31	—	2

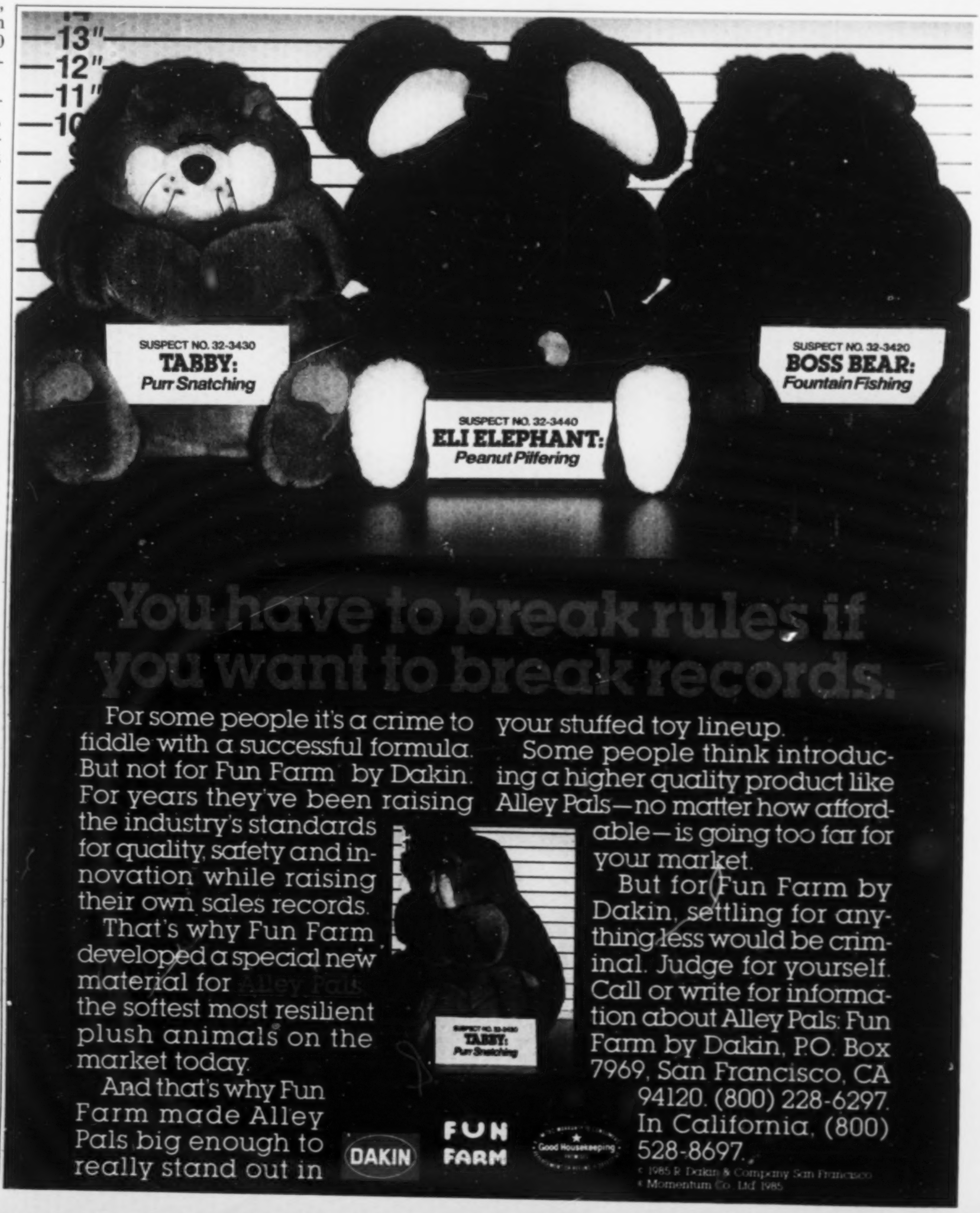
Source: DSN/Leo J. Shapiro & Associates

Growth Regions



In photo/camera, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the West—6%.

Source: DSN/Leo J. Shapiro & Associates



For some people it's a crime to fiddle with a successful formula. But not for Fun Farm by Dakin. For years they've been raising the industry's standards for quality, safety and innovation while raising their own sales records.

That's why Fun Farm developed a special new material for Alley Pals the softest most resilient plush animals on the market today.

And that's why Fun Farm made Alley Pals big enough to really stand out in your stuffed toy lineup.

Some people think introducing a higher quality product like Alley Pals—no matter how affordable—is going too far for your market.

But for Fun Farm by Dakin, settling for anything less would be criminal. Judge for yourself. Call or write for information about Alley Pals: Fun Farm by Dakin, P.O. Box 7969, San Francisco, CA 94120. (800) 228-6297. In California, (800) 528-8697.

© 1985 R. Dakin & Company San Francisco
© Momentum Co. Ltd 1985

Photo/Camera

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Kodak	82%	89%	94%	84%
Polaroid	44	54	52	35
Canon	29	35	42	34
Minolta	29	21	36	31
Fuji	6	14	10	15
Nikon	10	5	13	6
Pentax	7	2	11	2
Continental	2	4	3	6
Olympus	6	2	3	6
Duracell	—	3	3	6

Source: DSN/Leo J. Shapiro & Associates

Japanese camera brands such as Canon, Minolta, Nikon and Pentax were consistently more popular among upscalers than among conventional managers polled. Shown is Nichols, Hagerstown, Md.

(DSN photo)

Photo

(Continued from page 97)

cited it. Fuji showed more strongly at conventional stores, 12%, than upscalers, 9%.

Continental, the eighth-leading brand at 4%, mustered its rating solely from conventional managers surveyed. Duracell, the only battery brand to make the top 10, was cited by 3% of managers polled.

Kodak's popularity appears even stronger when examining the brands favored at such leading chains as K mart, Wal-Mart, Zayre and Target. Kodak swept the No. 1 positions at all, with more than 9 managers in 10 naming it in each chain.

Polaroid made its best showing at Zayre, where 77% of managers said it was a leading brand—though that was still 20 percentage points fewer than Kodak.

Indeed, Polaroid was the second-leading brand at Wal-Mart, Zayre and Target, but tied Canon for third position at K mart.

K mart managers liked Minolta second-best behind Kodak. They named Minolta 7 times out of 10, and were largely responsible for Minolta's high placement on the top brands list.

Important Role

Fuji was favored most heavily at Wal-Mart, where nearly one manager in three named it as a top brand. K mart managers named Fuji one time in five, but the brand fared weakly at Zayre and Target.

The 35mm leadership battle between Canon and Minolta seemed to be a draw at these four chains. Canon was named more often at Wal-Mart, 35% to 13%, and Target, 28% to 23%. However, Minolta had a greater following at K mart, 69% to 44%, and Zayre, 21% to none.

Even on a regional basis, Kodak was the clear favorite. Its highest rating came from managers in the North Central part of the country, 94%; its lowest, 82% in the Northeast.

Polaroid was the second-leading brand in all regions. Canon and Minolta were nip-and-tuck in most parts of the country: tied in the Northeast, separated by three percentage points in the West, six in the North Central and 14 in the South.

Fuji was favored most in the Sunbelt areas of the South and West.

Significantly, discount chains across the nation aren't shuttering their doors to the entry of new brands. Managers across the U.S. reported carrying more national brands this year than last. More managers in the West than in any other region, 6%, reported such a gain.

YOU ALWAYS WIN WITH FUJI FILM.

WIN WITH QUALITY PICTURES Fuji film gives you color pictures that are so super sharp, so true to life, they're the next best thing to the real thing.

WIN A CUNARD COUNTESS CRUISE TO THE CARIBBEAN With Fuji's Scissor Sharp Sweepstakes, you could win a Cunard Countess cruise for two to 6 different Caribbean islands with deluxe accommodations including airfare, plus $2,500.00 spending money, plus Fuji DL-200 35mm camera or other great prizes. Just pick up an entry blank at a participating store near you. (No purchase necessary.)

WIN WITH BIG SAVINGS Get $2.00 off when you purchase any three rolls of Fuji film—disc, 110 or 35mm—15 exp. or more. A big value in any size.

WIN BY GETTING A TWO-SCISSOR SET FOR ONLY $2.95 Here's a deal as sharp as our pictures—buy two rolls of Fuji film at a participating dealer, and get a two-scissor set (a $12.95 comparative value), for only $2.95!

COUPON VALID ONLY FOR FUJI FILM BOXES MARKED "MANUFACTURED FOR THE U.S.A."

Sporting Goods

(Continued from page 95)

tional managers, 15%; Remington rated much higher at conventional stores, 15%, than upscalers, 6%.

Diversified was the only exercise equipment brand to be among the most favored in sporting goods. Its 10% total frequency of mention by discount store managers made it No. 8. But that reflects far stronger support among upscalers, 21%, than conventional managers, 5%. Indeed, Diversified was the fourth-leading brand among upscalers, and was 10th at conventional stores.

MacGregor, No. 9 overall, was named by a scant 3% of upscalers as a top brand, but by 12% of managers at conventional chains, which sell its team sports gear and apparel.

Striking contrasts surfaced when manager responses at several leading chains were broken out. For example, half as many K mart managers—22%—cited Coleman as a top brand, compared with respondents from Zayre.

Interestingly, Coleman wasn't considered to be the leading sporting goods brand at either K mart, Wal-Mart, Zayre or Target—despite its healthy overall No. 1 rating in the survey. Coleman was ranked third at K mart and Zayre, and second at Wal-Mart and Target.

More Winners

Wilson, on the other hand, was a strong first among managers at Zayre and Target, and tied for first at K mart. Wilson registered a dominant 77% level of mention at Zayre and 47% at Target.

Its closest competition at Zayre was Spalding, which scored 63%, and was trailed by Coleman at 45%. Spalding also tied Wilson for the lead at K mart, at 23%, but was a weaker fourth at Wal-Mart, whose managers cited the brand just 14% of the time.

Wal-Mart managers were apparently responsible, however, for the appearance of Zebco and Igloo on the top brands list. Zebco, for instance, was named by 56% of Wal-Mart managers, but only 11% at K mart, 6% at Target and 3% at Zayre.

Somewhat less dramatically, 23% of Wal-Mart managers named Igloo as top sporting goods brand, compared with 18% at Target, 11% at K mart and 3% at Zayre.

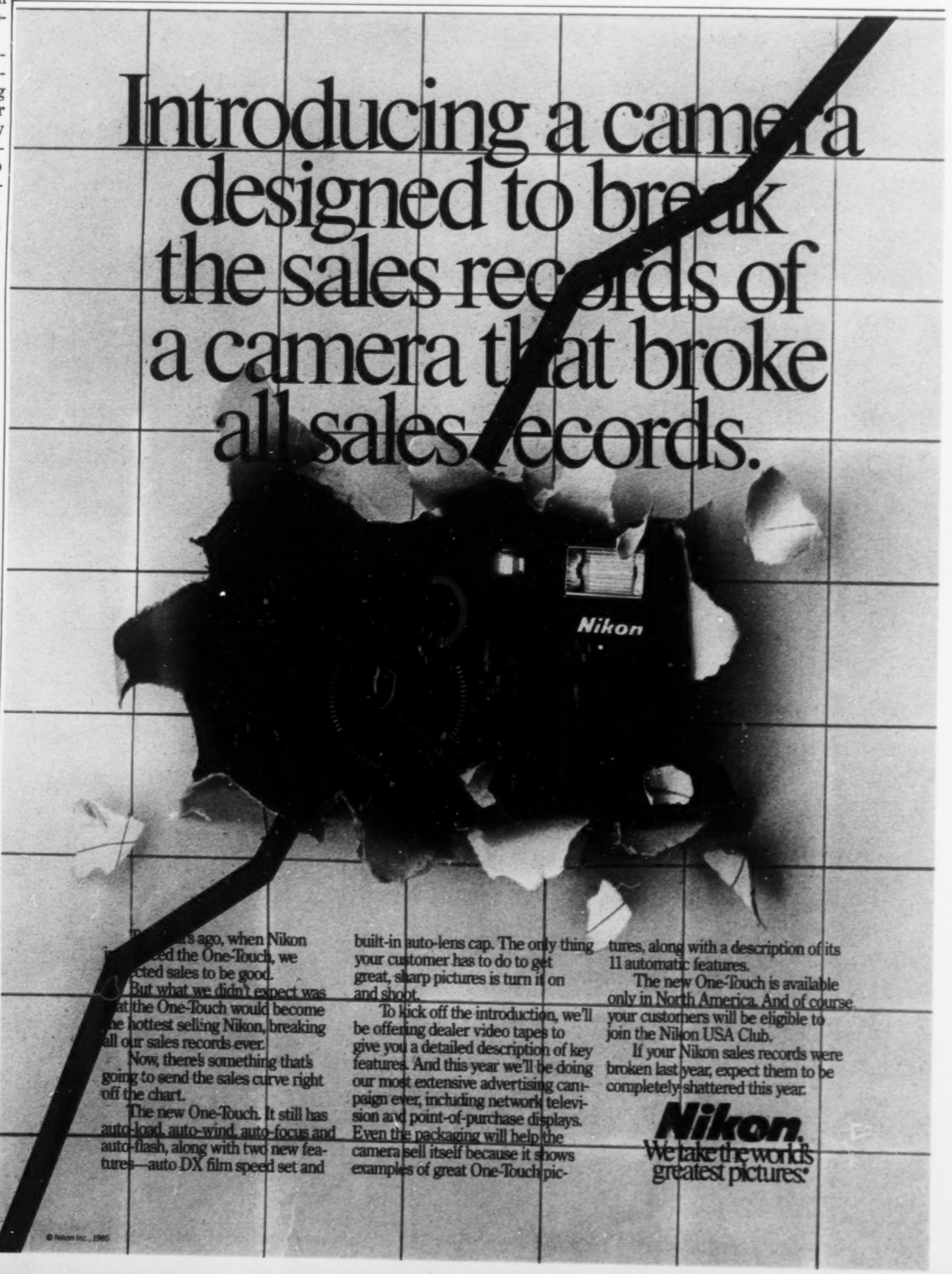
When examining brand popularity on a regional basis, it's not surprising to find outdoors brands scoring best in the South and West, where climates are most favorable. It was strength in those parts of the country that gave Coleman a lift into top brand honors.

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Coleman	37%	39%	42%	56%
Wilson	39	29	49	13
Spalding	32	23	30	19
Zebco	3	30	16	11
Igloo	6	19	14	19
Daiwa	3	18	14	13
Remington	2	14	9	20
Diversified	5	13	12	6
MacGregor	8	8	13	7
Garcia	7	7	6	11

Source: DSN/Leo J. Shapiro & Associates

Brands of fishing, camping and hunting equipment made up most of managers' favorites in sporting goods. Ames, Meriden, Conn., maximizes visibility of fishing tackle and inflatable rafts. (DSN photo)



Introducing a camera designed to break the sales records of a camera that broke all sales records.

Two years ago, when Nikon introduced the One-Touch, we expected sales to be good.

But what we didn't expect was that the One-Touch would become the hottest selling Nikon, breaking all our sales records ever.

Now, there's something that's going to send the sales curve right off the chart.

The new One-Touch. It still has auto-load, auto-wind, auto-focus and auto-flash, along with two new features—auto DX film speed set and built-in auto-lens cap. The only thing your customer has to do to get great, sharp pictures is turn it on and shoot.

To kick off the introduction, we'll be offering dealer video tapes to give you a detailed description of key features. And this year we'll be doing our most extensive advertising campaign ever, including network television and point-of-purchase displays. Even the packaging will help the camera sell itself because it shows examples of great One-Touch pictures, along with a description of its 11 automatic features.

The new One-Touch is available only in North America. And of course your customers will be eligible to join the Nikon USA Club.

If your Nikon sales records were broken last year, expect them to be completely shattered this year.

Nikon.
We take the world's greatest pictures.®

© Nikon Inc., 1985

3 Jeans Brands Dominate the Category

Nationwide DSN Report

Three jeans brands dominated the top brands list in the men's apparel category—Wrangler, Lee and Levi's.

Although in overall performance, Wrangler was named the leading top brand, with mentions by 40% of discount store managers, conventional and upscale chains did not rank the top three brands the same way.

In the most dramatic difference in opinion, at upscale chains Levi's captured mentions by 52% of managers polled, while only 24% of managers at conventional chains named Levi's a top brand.

At conventional discounters, Wrangler was most often cited as a leading brand, with mentions by 42% of those polled. Yet, at upscale chains, Lee was ranked the second-strongest brand with an even stronger show of support—49%.

No. 4 on the top brands list was Fruit of the Loom, a basic underwear label which was named by a slightly smaller percentage than Levi's.

Brand strength fell off sharply after the top four, with McGregor, the men's sportswear brand, filling out the top five with mentions by only 16% of store managers.

However, the brand was considerably stronger at upscale chains where it won mentions by 27%, compared to 12% at conventional discount stores.

In overall performance, Dickies came in just slightly below McGregor, with mentions by 14% of managers, but in upscale chains it was far less popular than McGregor with citations by just 9%.

Jordache, in the No. 7 spot and Rustler in the No. 9 spot were the last two jeans brands on the list. Both brands fared better at upscale chains than in conventional discount stores.

Hanes, the second underwear brand mentioned, received the same percentage of mentions as Jordache—8%—but was stronger in upscale chains, with citations by 13% of store managers.

Arrow, No. 10 on the list, was named by fewer than 1% of managers at upscale chains, although it received citation by 6% of managers at conventional chains.

In the regional breakout no single brand dominated any one area. Wrangler won mentions by half of store managers polled in the South, but the brand also had a strong showing in the North Central States, 39%, the Northeast, 35% and the West, 30%.

The same holds true for Lee, which was mentioned by 44% of managers in the Northeast, but was a definite force in other parts of the country, too.

Managers in all four regions of the country surveyed also reported an increase in the number of brands carried this year vs. last year. In the Northeast and the South, 20% of store managers polled believed they were carrying more name brands this year. In the North Central States 13% of managers polled felt this way, and in the West, 9% agreed.

A look at how the top five brands fared in specific chains shows a wide divergence in brand strength.

Wrangler, named the leading brand on the top 10 list, received the highest percentage of mentions only at Wal-Mart (66%) and at K mart (43%). At Zayre, the brand received citations by only 10% of store managers

While Wrangler got slightly higher recognition at Target, with mentions by 44% of managers, than at K mart, Target managers chose Levi's as their top brand with citations by 70% of those polled. In fact, Lee, with mentions by 47% of Target managers, also came out ahead of Wrangler at that chain.

In general, brand strength in the top five list was consistently high at Target, while some of the top five brands were particularly weak in the other chains.

Men's Apparel

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Wrangler	40%	42%	37%
Lee	37	33	49
Levi's	31	24	52
Fruit of the Loom	29	26	32
McGregor	16	12	27
Dickies	14	15	9
Jordache	8	7	10
Hanes	8	5	13
Rustler	6	5	9
Arrow	4	6	—

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Wrangler	43%	66%	10%	44%
Lee	18	2	36	47
Levi's	33	11	38	70
Fruit of the Loom	26	41	21	31
McGregor	7	5	32	38

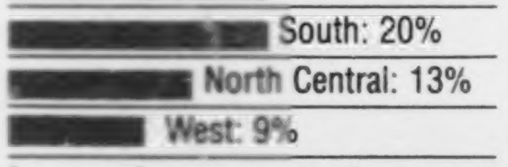
Source: DSN/Leo J. Shapiro & Associates

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Wrangler	35%	50%	39%	30%
Lee	44	38	39	27
Levi's	19	28	35	37
Fruit of the Loom	19	30	38	21
McGregor	19	10	21	18
Dickies	6	20	16	7
Jordache	7	8	8	9
Hanes	3	7	15	—
Rustler	5	3	10	6
Arrow	4	6	4	3

Source: DSN/Leo J. Shapiro & Associates

Growth Regions



In men's apparel, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the Northeast and South States—20%.

Source: DSN/Leo J. Shapiro & Associates

Overall, 16% of discount store managers said the number of men's wear brands being carried has increased this year. At K mart, 11% of managers cited an increase in the number of brands in the area

Fitting Rooms
Levi's

In men's apparel, three jeans brands—Wrangler, Lee and Levi's—dominate the top brands list. At Gemco, Rowland Heights, Calif., Levi's jeans are stocked along a fingerwall. *(DSN photo)*

Brand Strength Shifts by Region, Chain

Nationwide DSN Report

Few ladies' apparel brands enjoy consistent popularity across the board, with wide shifts in brand strength reported by region and by chain.

Lee, the No. 1 top brand, for example, was mentioned by 42% of all discount store managers polled. However, it won double the percentage of citations at upscale chains—64%—than at conventional discount stores.

On a by-chain basis, at Target Lee was noted by more than two-thirds, or 71%, of managers, but by only a scant 3% of managers at Wal-Mart.

This type of divergence in brand strength is most evident in the top four brands. Wrangler, No. 2 on the overall list, was favored by 41% of managers polled at upscale chains, yet its popularity with conventional chain managers sank 10 percentage points. Its recognition in conventional chains, though, is more in line with the brand's overall performance.

Both Levi's and Gitano, which took third and fourth place on the list, were also considerably more popular in upscale chains than at conventional discount stores. Levi's, which is not available to discounters directly, was mentioned by 40% of store managers at upscale chains compared to mentions by 14% at conventional stores, and Gitano was mentioned by 27% of upscale store managers as compared to just 11% at conventional chains.

In a twist, both Chic and Jordache were slightly more popular in conventional chains than at upscale discounters.

Playtex, the only nonjeans associated brand, and Gloria Vanderbilt, drew consistent responses from both upscalers and traditional chains.

Again, for Calvin Klein and Sasson, the differences were not so pronounced as among the top four leaders, with Calvin Klein slightly more popular among conventional discounters, and Sasson taking a small lead among upscalers.

Differences in brand strength among the top three brands are especially pronounced in the regional breakout.

Lee, which was mentioned by 57% of those polled in the North Central states—was the only brand to get higher than a 50% rate of mention in a single region. In fact, in the West, Lee received mentions by only 24% of those polled.

Levi's was strongest in the West, where it was mentioned by 41% of managers polled. In the Northeast, its popularity dropped dramatically to 3%.

Some brands that scored well nationally did not receive mentions by even 1% of those polled in the West. Chic, for example, which was named by 20% of managers in the North Central region, did not appear as a top brand in the West. The last three on the top brands list—Gloria Vanderbilt, Calvin Klein and Sasson—brands carrying major designer names, suffered the same fate.

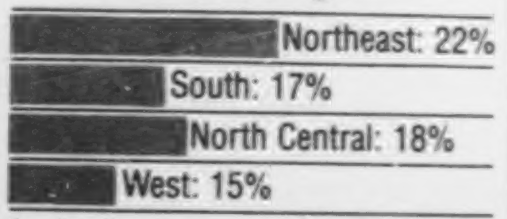
Although variations in Lee's popularity by-chain were perhaps the most dramatic of any brand store managers in each chain were also split in opinion about the other top four brands.

Wrangler, favored by 70% of managers at Target, received mention from only 14% of managers polled at Zayre. Another strong Target brand, Levi's, also received mention by 70% of its managers, but from only 3% of managers both at Wal-Mart and Zayre.

Gitano, which did not have a strong by-chain showing in general, did significantly better at Zayre, where it was mentioned by 24% of managers than at Wal-Mart, where it was named by only 4%.

Chic, although No. 5 on the overall performance list, received its strongest support from K mart with only a 9% rate of mention.

Growth Regions



in ladies' apparel, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the Northeast—22%.

Source: DSN/Leo J. Shapiro & Associates

Ladies' Apparel

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Lee	24%	3%	15%	71%
Wrangler	39	32	14	70
Levi's	28	3	3	70
Gitano	19	4	24	21
Chic	9	6	—	2

Source: DSN/Leo J. Shapiro & Associates

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Lee	42%	32%	64%
Wrangler	34	31	41
Levi's	21	14	40
Gitano	16	11	27
Chic	11	12	10
Jordache	7	9	6
Playtex	6	6	6
Gloria Vanderbilt	6	6	6
Calvin Klein	5	5	4
Sasson	5	4	7

Source: DSN/Leo J. Shapiro & Associates

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Lee	40%	39%	57%	24%
Wrangler	20	34	38	43
Levi's	3	11	29	41
Gitano's	20	13	13	22
Chic	9	11	20	—
Jordache	6	5	8	11
Playtex	12	6	4	6
Gloria Vanderbilt	3	6	11	—
Calvin Klein	11	3	5	—
Sasson	5	4	9	—

Source: DSN/Leo J. Shapiro & Associates

As Advertised
GITANO

Store managers report an increase in women's wear brands in their departments this year with 22% of managers in the Northeast giving that view. Shown is ladies' wear at Ames, Richmond. *(DSN photo)*

Our Promise to You...
LOW PRICES EVERYDAY

Nine of the 10 top brands in ladies' wear had their roots in the jeans business. Gitano, one brand featured at Nichols, Hagerstown, Md., was named a top brand by 16% of all store managers polled.

Company as Well as Brand Names Score

Nationwide DSN Report

In health & beauty aids, where manufacturers have spent considerable ad dollars promoting both their own and their product line names, the top brands' ranking reflects both presences in the marketplace.

A look at the top 10 list reveals that manufacturers captures six top-of-mind positions among discount store managers polled in the third annual *DSN* top brands survey. These are Johnson & Johnson, Revlon, Procter & Gamble, Clairol, Colgate and Maybelline.

In the case of the leader, Johnson & Johnson is both a brand name—affixed to labels for baby shampoo, oil, powder and Band-Aids—and a company name. For example, the company also owns Affinity, a brand of shampoo.

J&J was named a top-selling H&BA department brand by 33% of all store managers polled, and by 37% of managers at upscale chains.

Additionally, one product line made by a ranking manufacturer was also among the most often named H&BA department brands. Procter & Gamble's Crest won fifth place on the list.

P&G, cited by 25% of managers polled, grabbed third place, pulling only slightly ahead of Crest, mentioned by 23% of managers. At upscale chains, however, Crest had a stronger hold, being cited by 34% of the store managers.

No. 2 Revlon, viewed as a top brand by a quarter of managers polled, was also more popular among upscale chains—where one third of managers said it was a top-selling brand—than among conventional discounters where its popularity was 10 percentage points less.

Also among the top five brands is Clairol. Best known for its hair care formulations, Clairol received notice by 24% of managers.

A second toothpaste brand, Colgate, ranked sixth on the list, was named by 16% of managers. Although the name is most associated with Colgate brand toothpaste, parent company Colgate-Palmolive is also the

(Continued on page 112B)

Health & Beauty Aids

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Johnson & Johnson	33%	33%	37%
Revlon	25	23	33
Procter & Gamble	25	25	24
Clairol	24	26	18
Crest	23	20	34
Colgate	16	15	17
Breck	10	6	18
Listerine	8	4	18
Bayer	6	8	3
Maybelline	6	8	1

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Johnson & Johnson	28%	34%	51%	27%
Revlon	16	25	14	29
Procter & Gamble	41	22	18	28
Clairol	43	5	20	16
Crest	17	38	17	34

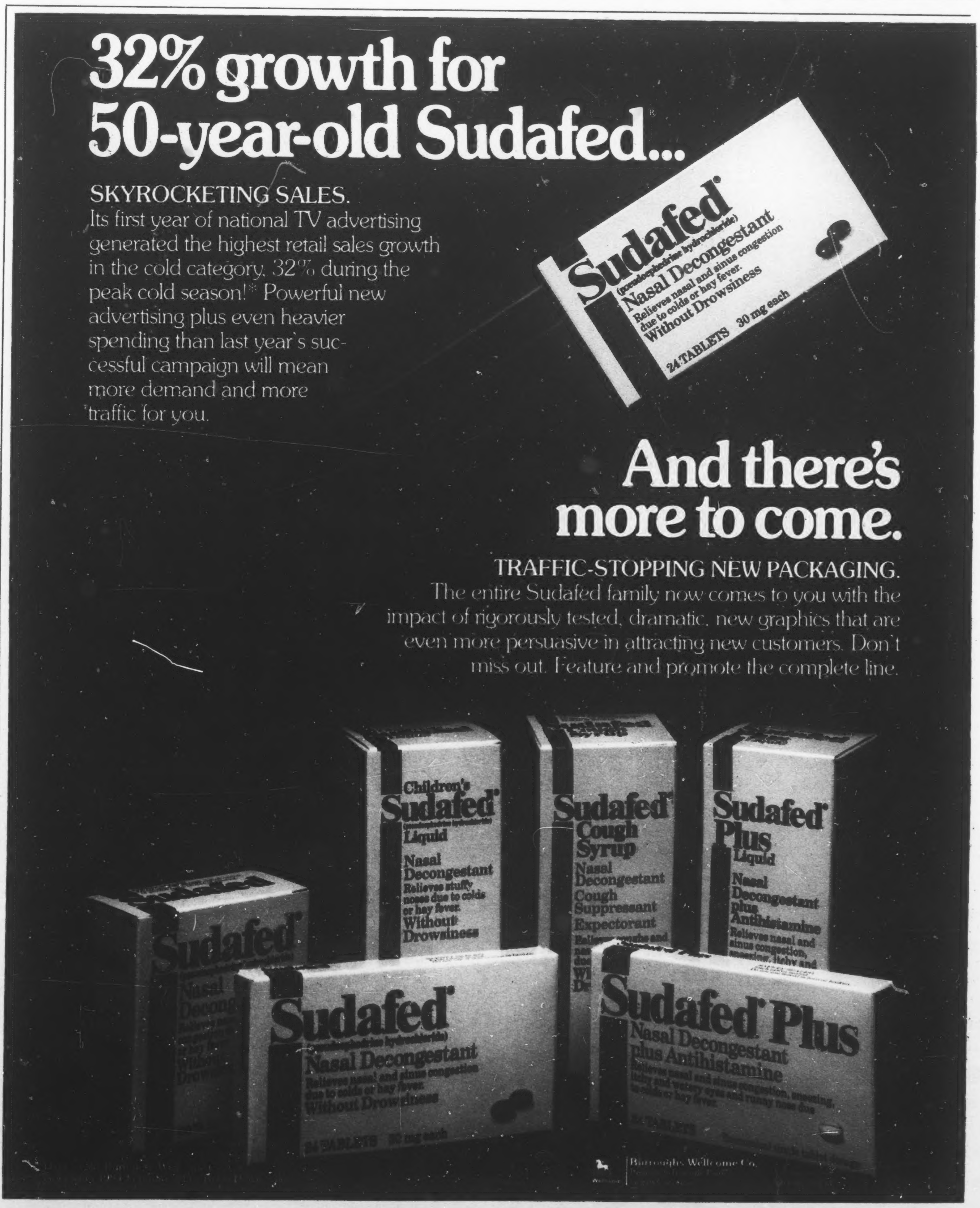
Source: DSN/Leo J. Shapiro & Associates

Growth Regions

Northeast: 7%
South: 18%
North Central: 15%
West: 15%

In health & beauty aids, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the South—18%.

Source: DSN/Leo J. Shapiro & Associates


32% growth for 50-year-old Sudafed...

SKYROCKETING SALES.
Its first year of national TV advertising generated the highest retail sales growth in the cold category, 32% during the peak cold season!* Powerful new advertising plus even heavier spending than last year's successful campaign will mean more demand and more traffic for you.

And there's more to come.

TRAFFIC-STOPPING NEW PACKAGING.
The entire Sudafed family now comes to you with the impact of rigorously tested, dramatic, new graphics that are even more persuasive in attracting new customers. Don't miss out. Feature and promote the complete line.

Sudafed
(pseudoephedrine hydrochloride)
Nasal Decongestant
Relieves nasal and sinus congestion due to colds or hay fever.
Without Drowsiness
24 TABLETS 30 mg each
Children's Sudafed Liquid
Nasal Decongestant
Relieves stuffy noses due to colds or hay fever.
Without Drowsiness
Sudafed Cough Syrup
Nasal Decongestant
Cough Suppressant
Expectorant
Sudafed Plus Liquid
Nasal Decongestant plus Antihistamine
Sudafed Plus
Nasal Decongestant plus Antihistamine
Burroughs Wellcome Co.

H&BA

(Continued from page 112A)

maker of Palmolive Soap, Irish Spring deodorant soap, Ultra Brite toothpaste and Ajax cleaning products, among others.

Although Colgate closely follows rival Crest in the overall line-up, it received only half of the mentions of Crest at upscale chains.

Filling out the top 10 list are Breck, 10%, a shampoo and conditioner line; Listerine, 8%, a mouthwash; Bayer, 6%, a line of pain relievers; and Maybelline, 6%. However, Maybelline was mentioned by only 1% of managers polled at upscale chains.

Maybelline also won first place in the cosmetics top brands survey with a strong show of support by 77% of managers polled. Apparently, Maybelline's value as a traffic builder has also sealed a place for it on this H&BA list as well.

On a regional basis, Johnson & Johnson retained its first place position in its home territory, the Northeast, and in the North Central states.

In the West, Revlon nudged J&J out of the lead, finding support from 37% of the managers vs. 36% for J&J.

In the South, P&G with 31% of the mentions, was the most popular brand. J&J was runner-up with 28%, and Revlon took fifth place in the South with 20%.

Among the four major chains surveyed, no agreement emerged as to which of the top five brands on the list was strongest. In fact, the differences were highlighted by a 38-percentage-point swing between K mart and Wal-Mart in the popularity of No. 4-ranked Clairol: At K mart, Clairol was the leading brand, with its popularity extending to 43% of managers. At Wal-Mart, the brand caught the vote of only 5%.

At Zayre, J&J was named the leading brand by 51% of managers. In contrast, the other top four's popularity appeared to sag. Revlon, for instance, was named by 14% of Zayre managers, 37 percentage points less than J&J's total.

At Wal-Mart, the No. 5 brand Crest was named the most popular by 38% of managers. However, J&J followed not far behind with 34%.

At Target, the strongest brand was also Crest, where it was listed by 34%. Closely following in popularity was Revlon, 29% and P&G, 28%. J&J was mentioned by 16%.

At K mart, P&G which was ranked by 41%, held a close second to Clairol. J&J was named by 28% of K mart managers polled.

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Johnson & Johnson	40%	28%	33%	36%
Revlon	19	20	26	37
Procter & Gamble	18	31	22	25
Clairol	21	21	26	30
Crest	14	25	32	13
Colgate	14	17	20	9
Breck	11	7	3	23
Listerine	7	8	14	—
Bayer	7	7	5	6
Maybelline	7	10	3	6

Source: DSN/Leo J. Shapiro & Associates

Crest
Crest
Crest
Colgate

Both Crest and Colgate, prominent brands at discounters like Clover, Lancaster, Pa., made this year's top 10 brands list. Procter & Gamble, the manufacturer of Crest, was also named.

Both of these paints will bring customers

Consumers want a paint they can stick with. Not one they'll feel stuck with.

That's why now is the perfect time to sell Glidden.

Glidden is a name consumers know and trust. Research proves no other brand available to you has better, more widespread consumer recognition and preference than Glidden.

And quality is what Glidden is recognized for. Glidden has been proving and improving its quality for over 100 years. And our sales show it. Consumers are buying more Glidden paint than any other brand you can carry.

That means you can count on sure sales and profits from Glidden. Not just the promises of potentially high margins that some paint companies offer.

What's more, the Glidden name

PERSONAL CARE/TOP BRANDS

The Top 4 Get Wide Range of Support

Personal Care

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Conair	42%	44%	34%
Clairol	35	32	47
Norelco	34	30	45
General Electric	32	35	28
Remington	19	16	24
Vidal Sassoon	15	10	28
Windmere	10	11	6
Sunbeam	8	8	11
Gillette	7	5	10
Black & Decker	7	6	8

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Conair	72%	48%	62%	24%
Clairol	40	17	27	43
Norelco	21	39	32	63
General Electric	34	20	26	20
Remington	24	34	13	27

Source: DSN/Leo J. Shapiro & Associates

Nationwide DSN Report

The dominance of the top four brands in personal care is apparent from the strong support given them by both conventional and upscale discount store managers.

Each of the four—Conair, Clairol, Norelco and General Electric—was cited as a top brand by more than 32% of discount store managers polled.

The next leading brands, in the Nos. 5 to 10 slots, ranged from 7% to 19% levels of mention—and were marked by less consistent levels of support among conventional and upscale store managers.

Conair and Clairol, the brands ranked Nos. 1 and 2 by managers in the survey, have been among the most aggressive in unleashing new product styling and packaging and deep promotions. That sort of activity by many manufacturers has helped maintain the size of personal care assortments at discounters, who've long spoken about trimming sku's that duplicate function.

Conair was named by 42% of all discount store managers polled, and was by far the brand most cited by managers at conventional chains—44%, compared to General Electric's 35% level of mention. However, Conair ranked third in the minds of upscale store managers—behind Clairol's 47% and Norelco's 45% ratings.

Clairol, named by 35% of managers polled to be the No. 2 brand overall, was considered third best by conventional store managers while being the most favored brand among upscalers.

Norelco and General Electric, the Nos. 3 and 4 brands overall, trailed Clairol by a whisker, with the three separated by a mere three points in total levels of mention—from 35% to 32%.

The next leading brand is Remington, at 19%, which generated fairly consistent support among conventional and upscale store managers. However, Vidal Sassoon, the No. 6 brand, scored nearly three times higher among upscalers—28%—than at conventional discounters—10%.

Following Windmere, Sunbeam and Gillette is department newcomer Black & Decker, which rounds out the top 10 listing of personal care brands. It's already achieved a 7% level of mention, despite the strong continuing presence of General Electric—the recently purchased label it will phase out by 1987.

Although total discounter support among the top five brands is strong, a more-

(Continued on page 147)

Glidden
pred

back. But for different reasons.

translates into greater related-product sales, such as brushes, rollers, wallpaper and the like. Which means your entire store will benefit by carrying Glidden paint.

That's not all. This year, Glidden is spending more on advertising than we ever have before. That's in addition to the fact that Glidden is already one of the best known brands you can get.

So start selling Glidden now. Contact Bob Koch, Director of Consumer Marketing, Glidden Coatings & Resins, 925 Euclid Ave., Cleveland, Ohio 44115. (216) 344-8220.

Glidden

Your paint should be this good.

SCM GLIDDEN COATINGS & RESINS
SCM CORPORATION, CLEVELAND, OHIO 44115

Brand Recognition Is Comparatively Low

Nationwide DSN Report

In children's apparel, brand recognition does not run as high as in other departments, according to the *DSN* top brands survey.

In fact, the No. 1 brand Garanimals, was named a best-selling brand by only 16% of all discount store managers polled. This puts it only slightly ahead of the No. 2 brand Lee, which was named by 14% of managers polled.

Garan, No. 3 (made by the same company as produces color-coordinated Garanimals), and Wrangler, No. 4, were both mentioned by 11% of store managers. Health-tex, filling out the top five brands, won mentions by 9%.

Interestingly, although not an apparel brand, Pampers made the top brand list in the No. 6 spot with mentions by 6% of store managers. Many discounters stock this highly recognized diaper brand in children's apparel departments to build traffic in that area of the store.

Completing the top brands list are Levi's, 6%, Curity, 5%, Gerber, 4% and Fruit of the Loom, 4%.

Brand strength in conventional chains is fairly consistent with the overall picture. However, one exception is Garanimals which, with mentions by 20% of those surveyed in conventional chains, was far more popular there than in upscale chains. The brand's popularity in upscale chains was only 9%.

There are even more instances, though, in which children's brands were stronger in upscale chains. Lee won mentions by 28% of store managers at upscale chains, a higher percentage of mentions than that of any other children's brand in either store classification. In contrast, the brand rated mention by only 9% in conventional discount stores.

Garan, Health-tex, Levi's and Curity also came out strong in contrast to their recognition in conventional chains.

In the regional breakout, Garanimals came out ahead of the other brands in 3 out of 4 areas, with its highest percentage of mentions, 21%, in the South. The brand won mentions by 17% of managers polled both in the Northeast regions and the West.

However, in the North Central region, Lee came out the top brand with mentions by 22%. In that area of the country, Garanimals was seventh in popularity, with mentions by only 10%.

No single brand won second place in more than one region of the country. In the Northeast, Lee was named the second most popular brand; In the South it was Wrangler; in the North Central region it was Health-tex and in the West it was Garan and Gerber.

However, managers in the North Central region gave a consistently higher percentage of mentions to brands than did managers in the other regions.

In the breakout of store managers' responses by chain, the results were not at all consistent.

Target managers, for example, named Health-tex, fifth on the overall list, their most popular brand with citations by 37% of those polled. The No. 1 overall top brand, Garanimals, was mentioned by only 2% of Target store managers.

At Wal-Mart, 32% of store managers named Garanimals a top brand, but the No. 2 overall top brand, Lee, did not get mentioned by even 1% of Wal-Mart managers. Neither did Health-tex.

At K mart, Garanimals was also named the most popular brand, but with mentions by a slim 7%. Support for the other top four brands was even weaker. Lee received mention by only 1% of managers at that chain, while Garan was not even mentioned by 1%.

At Zayre, both Lee, with 11%, and Garan, with 7%, came out ahead of Garanimals, 4%. However, store managers did not consider Wrangler and Health-tex a force in their chain's children's apparel department.

Children's Apparel

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Garanimals	16%	20%	9%
Lee	14	9	28
Garan	11	9	16
Wrangler	11	10	14
Health-tex	9	6	15
Pampers	6	5	9
Levi's	6	3	13
Curity	5	4	10
Gerber	4	4	5
Fruit of the Loom	4	3	6

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Garanimals	7%	32%	4%	2%
Lee	1	—	11	33
Garan	—	16	7	23
Wrangler	2	18	—	20
Health-tex	3	—	—	37

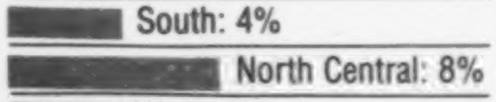
Source: DSN/Leo J. Shapiro & Associates

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Garanimals	17%	21%	10%	17%
Lee	13	12	22	7
Garan	8	12	12	10
Wrangler	8	14	14	3
Health-tex	5	7	15	6
Pampers	6	4	12	3
Levi's	1	5	12	2
Curity	3	3	9	6
Gerber	1	3	4	10
Fruit of the Loom	6	3	5	2

Source: DSN/Leo J. Shapiro & Associates

Growth Regions



In children's apparel, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the North Central States—8%.

Source: DSN/Leo J. Shapiro & Associates

Brand recognition in children's apparel departments is lower than in other discount store departments, according to store managers polled. Shown is Gemco, Rowland Heights, Calif.

Five per cent of store managers polled said they are carrying more children's wear brands this year. Pictured here is a revamped girls' wear department in Nichols, Hagerstown, Md. *(DSN photo)*

Black & Decker, Stanley Rule Rankings

Nationwide DSN Report

The hardware brands with the biggest following are Black & Decker and Stanley, according to discount managers nationwide, who named them as top brands more than four times as often as the next-leading brand.

The top two brands were cited so frequently that besides them only the No. 3 brand, Glidden, achieved a double-digit rating among managers. Glidden, in fact, was mentioned as a top brand by a significant 31% of managers at upscale discount chains—the closest any other hardware brand came to the top two.

Glidden's popularity among discount managers appeared to be twice as strong as that of Lucite, the next-leading paint brand and the No. 5 hardware brand overall, according to survey findings. Lucite's 8% rating, in turn, doubled that of Olympic, another paint brand that copped the seventh leading position in the department overall.

Significantly, the top six brands in the department represent a diversity of hardware categories—power tools and work tables, hand tools, paint, electrical and shelving.

Both Black & Decker and Stanley were supported consistently by discount department store managers polled. However, upscalers favored Black & Decker marginally more than did conventional managers, 70% to 68%. Those conventional discounters named Stanley more often than did upscalers, 63% to 58%.

Glidden was rated third on the strength of upscaler support, which was more than three times greater than its frequency of mention by managers at conventional chains.

The rest of the top brands in hardware were single-digit favorites. Except for Hirsch, the No. 6 brand overall which upscalers named 12% of the time, no other top brand was named by as many as 1 discounter in 10.

General Electric came closest. It earned its No. 4 rating and 8% frequency of mention by being a slight favorite at conventional stores, 9%, over upscalers, 6%.

Lucite achieved its 8% rating on a similar profile: 9% of conventional managers named the brand, compared with 5% at upscale chains.

Olympic and Du Pont tied for seventh place on the top brands list at 4%. Great Neck and Genie tied for ninth at 2%, rounding out the listing of favored hardware brands at discounters.

The dominance of Black & Decker and Stanley appears even greater when looking at the favored brands among four leading discount chains: K mart, Wal-Mart, Zayre and Target. No other brand threatens their lofty perch at any of these discounters.

Between the two, Black & Decker handily beat Stanley at K mart, Target and Zayre by margins as wide as 23 percentage points. However, Stanley hammered into the lead at Wal-Mart, 80% to 72%.

Among the rest of the top five hardware brands, only General Electric was cited by all four of these key discounters. It was mentioned most often by Zayre managers, 27% of the time, which was twice the rating it received at Wal-Mart.

Glidden and Lucite, the two paints among the top five brands in hardware, appeared to swap supporters at these four chains.

Nearly half of Target managers named Glidden, for instance, as did 14% at K mart. However, Wal-Mart and Zayre managers lined up in favor of Lucite.

Even on a regional basis, Black & Decker and Stanley show little softness. Black & Decker swept most of the nation by wide margins, although Stanley won the Northeast, 70% to 58%.

Black & Decker's winning margin in the South was just 68% to 64%, but that expanded in the North Central to a 77% to 62% score, and in the West to 70% to 44%.

Hardware

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Black & Decker	69%	68%	70%
Stanley	61	63	58
Glidden	15	9	31
General Electric	8	9	6
Lucite	8	9	5
Hirsh	5	2	12
Olympic	4	4	5
DuPont	4	5	2
Great Neck	2	3	1
Genie	2	1	6

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Black & Decker	86%	72%	88%	68%
Stanley	63	80	85	57
Glidden	14	—	—	45
General Electric	8	13	27	11
Lucite	—	16	6	—

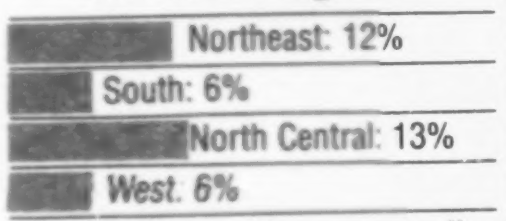
Source: DSN/Leo J. Shapiro & Associa

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Black & Decker	58%	68%	77%	70%
Stanley	70	64	62	44
Glidden	6	11	25	16
General Electric	6	14	7	4
Lucite	11	12	6	2
Hirsh	1	4	11	2
Olympic	—	4	6	6
Du Pont	4	2	4	6
Great Neck	—	1	2	6
Genie	—	2	5	—

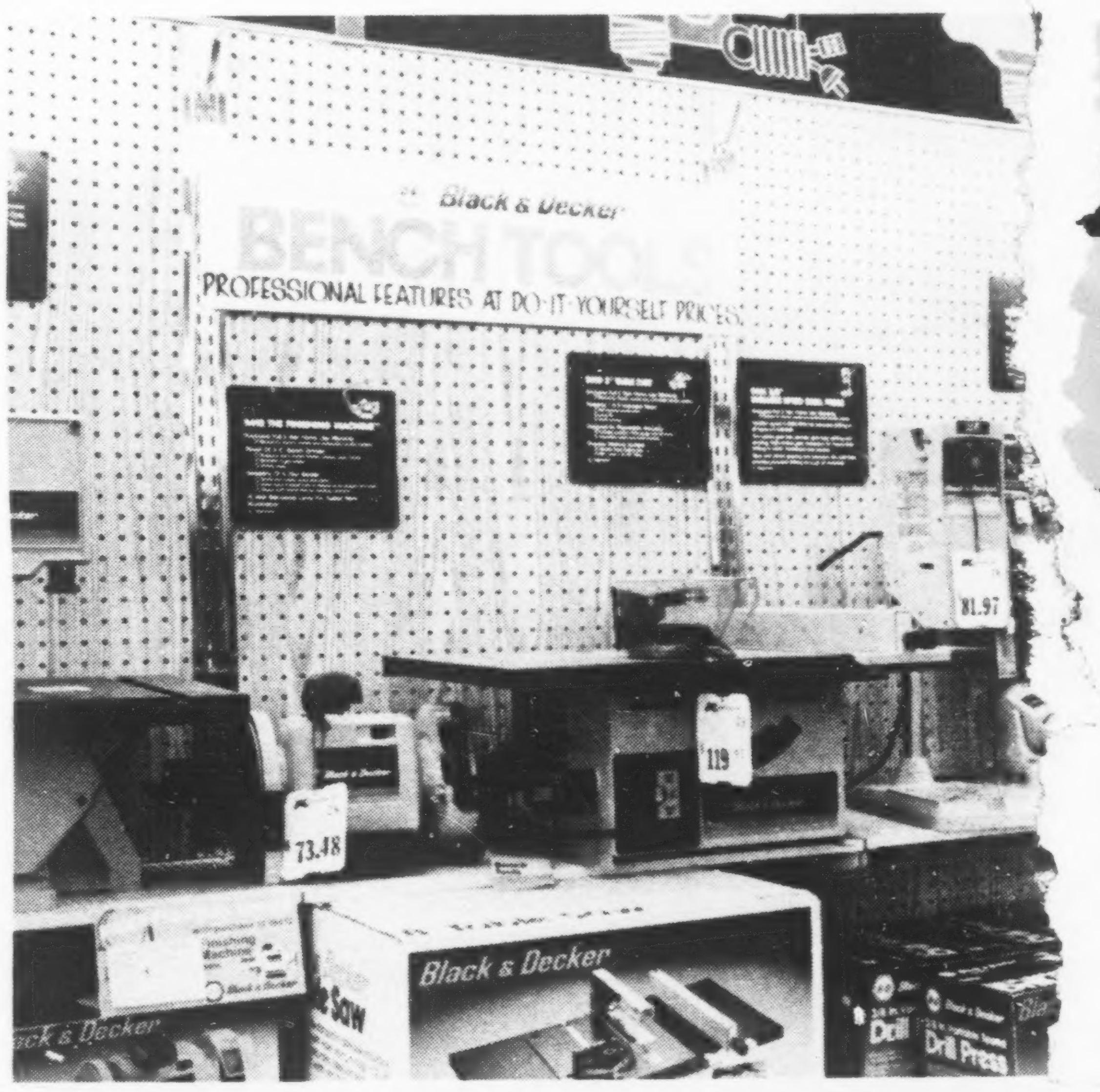
Source: DSN/Leo J. Shapiro & Associates

Growth Regions



In hardware, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the North Central States—13%.

Source: DSN/Leo J. Shapiro & Associates



A home center department at K mart, Rochester, Mich., uses pro inent brand signage to play off the popularity of Black & Decker, No. 1 brand in hardware, according to managers polled. (DSN ph

HAND TOOLS
STANLEY
PEE

Stanley, the most favored hand tool brand among discounters polled, and Peerless plumbing supplies receive prominent display in hardware at Caldor, Eatontown, N.J. (DSN photo)

Cannon Leads; St. Mary's Is Distant 2nd

Nationwide DSN Report

Only one domestics brand—Cannon—won mention by a majority of discount store managers in the *DSN* top brands survey.

After that, three other brands—St. Mary's, J. P. Stevens and Pepperell/West Point—received comparatively low double-digit percentages of managers' responses.

Clearly, Cannon was the leading top brand with mentions by 56% of all store managers polled. That ranking was generated by a consistent level of responses from managers at both conventional and upscale chains. At conventional chains, the brand was named by 55%, and at upscale chains, by 57%.

The No. 2 brand, St. Mary's, lagged behind the first by 37% points, with mentions by 19% of all managers polled.

J. P. Stevens took the No. 3 position, with mentions by 17% of managers overall, but by only 10% of managers at upscale chains.

The No. 4 brand, Pepperell/West Point, was also mentioned by 17% of the managers. However, at upscale chains, its popularity was second only to Cannon's, with mentions by 27%.

Completing the top five brands list is Burlington, which was cited by 8% of those polled. However, the brand was more popular in conventional chains where it was mentioned by 10%, than at upscale chains, where it was mentioned by only 5%.

No. 6 on the list, Fieldcrest (4%), is a department store brand not available to discounters directly. However, earlier this year, the mill decided to affix the Fieldcrest label on goods shipped from its sister mass market line St. Mary's. The impact of that move on managers' perceptions of both the St. Mary's and the Fieldcrest brand has as yet not been determined.

The remaining brands on the list are Springs (4%), which began the policy of identifying its mass market label Tastemaker as a Stevens products several years ago; Santa Cruz (4%), Kenney's and Dan River (3%).

The 9th- and 10th-ranked brands, Kenney's and Dan River, did not receive citations by even 1% of managers polled at upscale chains.

Cannon's dominance of the top brands list is as evident in the regional and chain-by-chain breakouts.

In the regional breakout, Cannon came out particularly strong in the North Central region, with mentions by 63% of managers polled, and in the South, with mentions by 62%. The brand also received mentions by half of managers polled in the West, and by 40% of managers in the Northeast.

Only three other brands in the regional breakout won support from at least 20% of managers polled. One such brand was Pepperell/West Point, which took second place in popularity in the West, with mentions by 29%, and third place in the Northeast, with 20%.

St. Mary's took the second spot both in the Northeast, with 24%, and in the North Central region, with 23%.

In the South, J. P. Stevens was the second strongest brand, with mentions by 23%. It was the third strongest brand in the North Central region, with mentions by 23% of managers polled.

In comparison to its performance in the other regions, Santa Cruz showed strength in the West, where it was named the fourth most popular brand, with the support of 12% of those polled.

Based on responses by managers at four major discount store chains, Cannon was easily the most popular brand at Wal-Mart, K mart and Target, and still took first place at Zayre.

At Wal-Mart, Cannon was cited by 73% of those polled. Its second most popular brand, J. P. Stevens, received mention by only 22%, a drop of 51 percentage points.

At K mart, Cannon took the leading position with mentions by 67%.

Domestics

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Cannon	56%	55%	57%
St. Mary's	19	20	16
J. P. Stevens	17	19	10
Pepperell/Lady Pepperell/West Point	17	13	27
Burlington	8	10	5
Fieldcrest	4	5	3
Springs	4	5	1
Santa Cruz	4	5	2
Kenney's	4	5	—
Dan River	3	4	—

Source: DSN/*Leo J. Shapiro & Associates*

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Cannon	67%	73%	43%	67%
St. Mary's	22	10	41	12
J. P. Stevens	32	22	28	16
Pepperell/Lady Pepperell/ West Point	18	14	4	19
Burlington	20	—	3	—

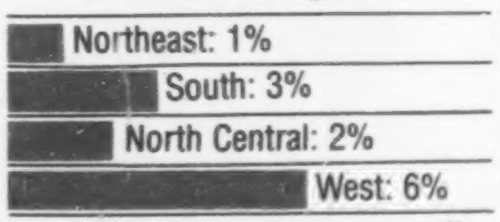
Source: DSN/*Leo J. Shapiro & Associates*

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Cannon	40%	62%	63%	50%
St. Mary's	24	14	23	16
J. P. Stevens	11	23	20	7
Pepperell/Lady Pepperell/West Point	20	10	14	29
Burlington	5	8	12	7
Fieldcrest	1	5	4	7
Springs	3	7	5	—
Santa Cruz	1	2	3	12
Kenney's	4	4	3	6
Dan River	5	5	1	2

Source: DSN/*Leo J. Shapiro & Associates*

Growth Regions



In domestics, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the West—6%.

Source: DSN/*Leo J. Shapiro & Associates*

SHOWER CURTAINS
BATH SHOP

Overall, store managers reported brand recognition is weak in domestics, except for No. 1 brand Cannon. At Richway, Sandy Springs, Ga., little manufacturer signage is evident in domestics .

In the West, 6% of managers polled said they are carrying more domestics brands this year. At Zodys, Torrance, Calif., matching sheets and comforters by Cannon get endcap position. *(DSN photo)*

Traditional Winners Maintain Popularity

Housewares

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Rubbermaid	39%	41%	31%
Corning	21	22	18
Anchor Hocking	17	17	21
General Electric	14	12	20
Ekco	14	12	20
Corelle	14	16	13
Mirro	11	14	3
Revere	9	8	11
Foley	8	6	15
Proctor-Silex	8	8	7

Source: DSN/*Leo J. Shapiro & Associates*

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Rubbermaid	23%	70%	70%	20%
Corning	18	42	14	20
Anchor Hocking	8	15	29	29
General Electric	8	3	10	26
Ekco	12	26	—	28

Source: DSN/*Leo J. Shapiro & Associates*

Nationwide DSN Report

The top traditional brands maintained their strong stance in housewares, despite a continuing influx of brands within the department, said store managers polled by *DSN*.

Managers' responses underscored two concurrent findings. For one, managers named vendors such as Rubbermaid and Corning as top brands, reflecting their long-term association and performance with discounters.

At the same time, managers gave the highest score to the housewares department when asked: In which departments has the number of national name brands increased over the past year?

Housewares was cited by 22% of store managers as a department where name brands penetrated further this year. Ladies' apparel was a distant second, at 18%, followed by men's apparel at 16% and health & beauty aids at 14%, with no other departments coming near these levels of growth in brands carried.

The trend to add brands continues to spread among discounters—particularly conventional discounters—who seek new suppliers to raise housewares margins, distinguish assortments and add more fashion-oriented merchandise to their expanding mixes.

Therefore, it's not surprising that managers at conventional discount department store chains—following the lead of upscalers—reported significant gains in housewares brand representation. At conventional chains, 23% of managers polled cited housewares as having the largest brand increases, compared with 18% at the upscalers.

On a regional basis, discounters in the West cited the greatest increase in brands carried, 39%. Discounters in the Northeast and North Central parts of the country followed at 19%; the South wasn't far behind at a significant 17% level of mention.

This addition of more brands in housewares hasn't pushed the traditional leaders off of their perches. Rubbermaid and Corning contin-

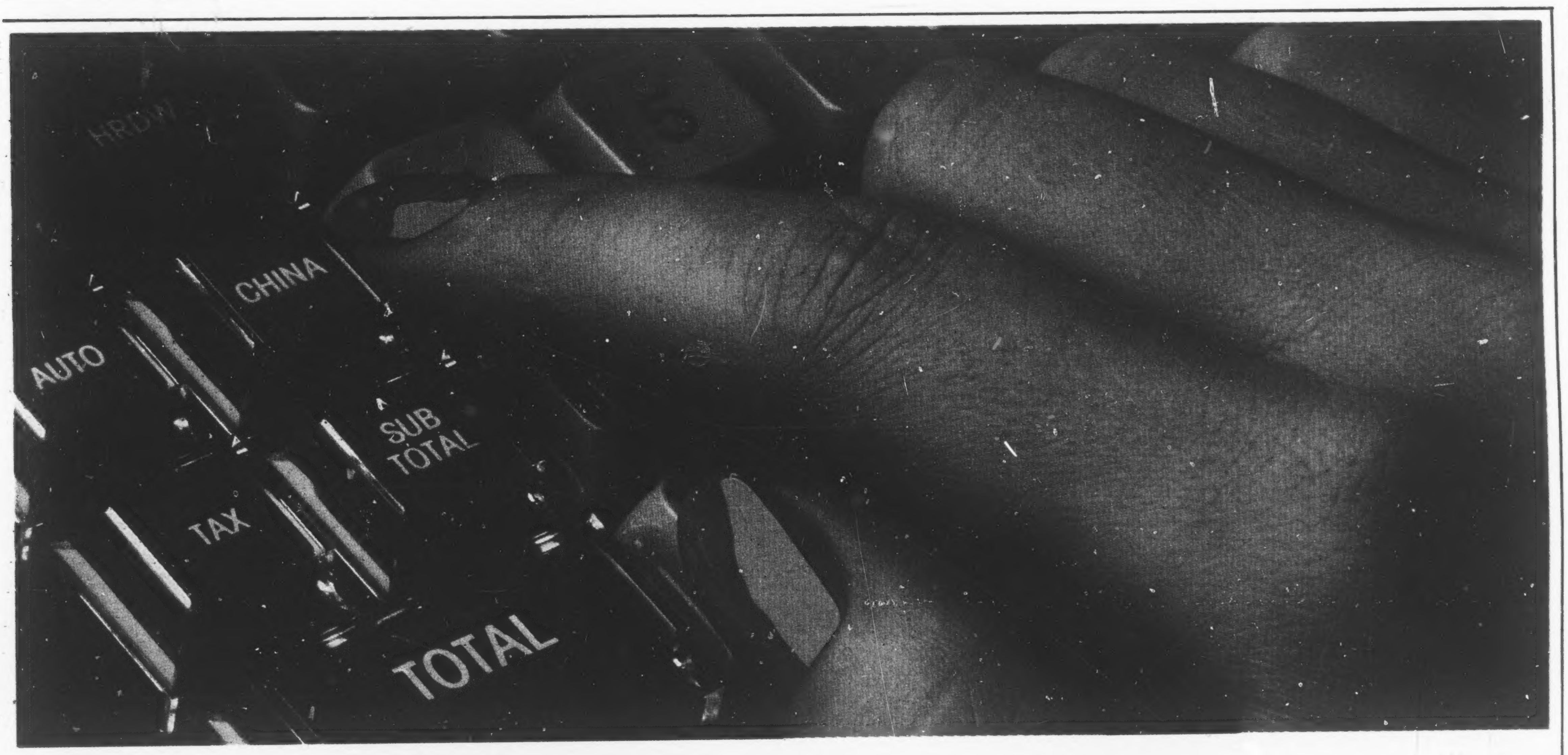
(Continued on page 132)

Growth Regions

Northeast: 19%
South: 17%
North Central: 19%
West: 39%

In housewares, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the West—39%.

Source: DSN/*Leo J. Shapiro & Associates*



VIGORO® ANNOUNCES A PROMOTION WHOSE IMPACT WILL BE REGISTERED ALL THE WAY TO CHINA.

There's never been a promotion like the Vigoro Greenback Offer. It's not only designed to move Vigoro like never before, but also merchandise in every department of your store. From toys to TV's, chairs to china.

Inside every Vigoro Deep Green™ product: Lawn Food, Weed & Feed, Crabgrass Preventer Plus Lawn Food, and Fall & Winter Fertilizer is a mail-in form. Your customers simply send it to Vigoro. They'll get back a Greenbuck certificate good for $2.00 off any item in your store.

So the more Deep Green your customers buy, the more Greenbucks they have to spend and the larger the purchases they'll want to make at your store. Just think what $8.00, $10.00 or more in Greenbucks per Deep Green customer could do for your sales.

You can't get that kind of storewide impact from any other rebate. Unlike other rebates the Greenback Offer guarantees that the money will be spent in your store only.

And to make sure customers come to your store in the first place, we have a powerful ad campaign. It includes TV, radio, magazine and newspaper ads.

The Vigoro Greenback Offer is the big promotion you deserve.

VIGORO DEEP GREEN LAWN FOOD
VIGORO DEEP GREEN WEED & FEED
VIGORO DEEP GREEN FALL & WINTER FERTILIZER
VIGORO DEEP GREEN CRABGRASS PREVENTER PLUS LAWN FOOD

You deserve a big promotion.

VIGORO®

Housewares

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Rubbermaid	43%	49%	31%	31%
Corning	20	23	22	19
Anchor Hocking	10	13	17	33
General Electric	15	11	20	12
Ekco	7	19	15	13
Corelle	11	17	16	7
Mirro	7	11	10	16
Revere	4	7	6	22
Foley	—	6	8	19
Procter-Silex	6	6	9	11

Source: DSN/Leo J. Shapiro & Associates

WEAR-EVER
WEAR-EVER
WEAR-EVER

The appearance of more brands on discounters' housewares shelves hasn't hurt the popularity of several key cookware brands, displayed on slat-back gondola at Gemco, Rowland Heights, Calif. *(DSN photo)*

Housewares

(Continued from page 128)

ue to be the department's one-two punch.

Rubbermaid, the No. 1 brand according to findings, was cited by 39% of managers polled, including 41% at conventional chains and 31% at upscalers.

Corning copped the second spot among "all" discounters polled by being named 21% of the time. That represents a fairly balanced following: 22% at conventional chains and 18% at upscalers.

In addition, one of this vendor's specific lines—Corelle—tied for the fourth spot among leading brands on the strength of managers' 14% rating. It found a stronger following among conventional managers, 16%, than upscalers, 13%.

Anchor Hocking, the only glassware manufacturer in the top 10, nailed down the No. 3 position with a 17% level of mention among managers at conventional chains and 21% at upscalers.

Electric appliance, bakeware, gadgets and cookware manufacturers round out the top 10 brands listing in housewares.

Key Changes

General Electric, tied for the fourth spot with Ekco and Corelle, should be virtually phased out in housewares by the end of next year because of its acquisition by Black & Decker. Its current 14% rating as a top brand, however, reflects GE's ongoing popularity.

Ekco's profile in the survey was identical in some respects to GE: each was cited by 12% of managers at conventional discount chains and 20% at upscalers.

A trio of cookware brands—Mirro, Revere and Foley—took the Nos. 7, 8 and 9 spots with only marginal differences in their overall ratings. However, Mirro fared far better among conventional managers, and Revere and Foley at upscalers.

Proctor-Silex received even support from conventional and upscale store managers to achieve its 8% rating and No. 10 standing.

Notable contrasts emerge when looking at performance of housewares' top five brands on a chain by chain basis. For instance, Rubbermaid dominated Wal-Mart and Zayre manager ratings, at 70%, but fell into the 20% range at Target and 23% at K mart.

Similarly, though on a less grand scale, Corning was cited by 42% of Wal-Mart managers, but less than half that figure at other major chains: 20% of Target managers, 18% at K mart and 14% at Zayre.

Guess who just made a big name even bigger?

Sarah Coventry®

Ask your customers who Sarah Coventry is, and 92% of them will be able to tell you – quality fashion jewelry. Attractive to look at. Attractively priced. Attractive to mass merchandisers.

1. with free floor displays that take up a little bit of space. But make a big impression.
2. with earrings at key price points to bridge your low-end fashion goods and your 14 kt. gold.
3. with top quality and styling, U.S. made, all with a lifetime guarantee.
4. with preticketed merchandise.
5. with trouble-free servicing.
6. with a 7% ad allowance.
7. with free ad slicks and transparencies.
8. with "special" signs to announce your advertised sales.
9. with a bonus money program to protect your gross margin.
10. with more turnover than you ever thought possible.

[illegible]

Sarah Coventry

p&b

P&G Cleans Up as Tide Leads Windex

Household Chemicals

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Procter & Gamble	32%	37%	19%
Tide	29	20	53
Windex	13	10	22
Downy	9	9	11
Comet	9	9	7
Cheer	7	6	10
Vanish	5	4	8
Dawn	3	4	1
Ivory	2	1	4
Mr. Clean	1	1	1

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Procter & Gamble	36%	70%	26%	15%
Tide	9	32	6	75
Windex	17	2	10	21
Downy	12	15	4	17
Comet	8	8	6	10

Source: DSN/Leo J. Shapiro & Associates

Nationwide DSN Report

Procter & Gamble cleaned up in household chemicals.

Among the top 10 brands cited by discount managers polled, five are made by Procter & Gamble—Tide, Downy, Comet, Cheer and Ivory. On top of that, managers named the manufacturer most often, giving it the No. 1 spot, even though it isn't a brand at all.

Among actual brands cited, Tide was the runaway leader, at a 29% rate. Managers at upscale chains favored it most, 53%, compared to 1 in 5 at conventional discounters.

That led the next brand, Windex, by more than a 2-to-1 margin. Windex was named a top brand by 13% of discounters surveyed, including 22% at upscale chains and 10% at conventional discount department stores.

After Tide and Windex, single-digit ratings reign. Downy and Comet tied at 9%; Cheer followed at 7%. Vanish, Dawn, Ivory and Mr. Clean were each mentioned by fewer than 1 manager in 20.

Downy, Cheer, Vanish and Ivory each had more frequent mentions by upscalers than managers at conventional chains.

A close look at how household chemicals fared at top chains revealed sporadic support for many of the top brands. As an example, Windex was cited second-most often at Target, Zayre and K mart, but was considered a top brand by only 2% of Wal-Mart managers.

Similarly, Downy was third at all but Zayre, which named it a top brand only 4% of the time.

At the head of the list, Procter & Gamble had uneven support. Seven out of 10 Wal-Mart managers named the manufacturer, as did 36% at K mart, 26% at Zayre and 15% at Target.

Tide also was strong at just two of these leading chains: 75% at Target and 32% at Wal-Mart, compared with fewer than 10% of K mart and Zayre managers naming it.

Comet, in the fifth position overall, had the most consistent support from chain to chain. At Target, 10%

(Continued on page 147)

Growth Regions

Northeast: 0%

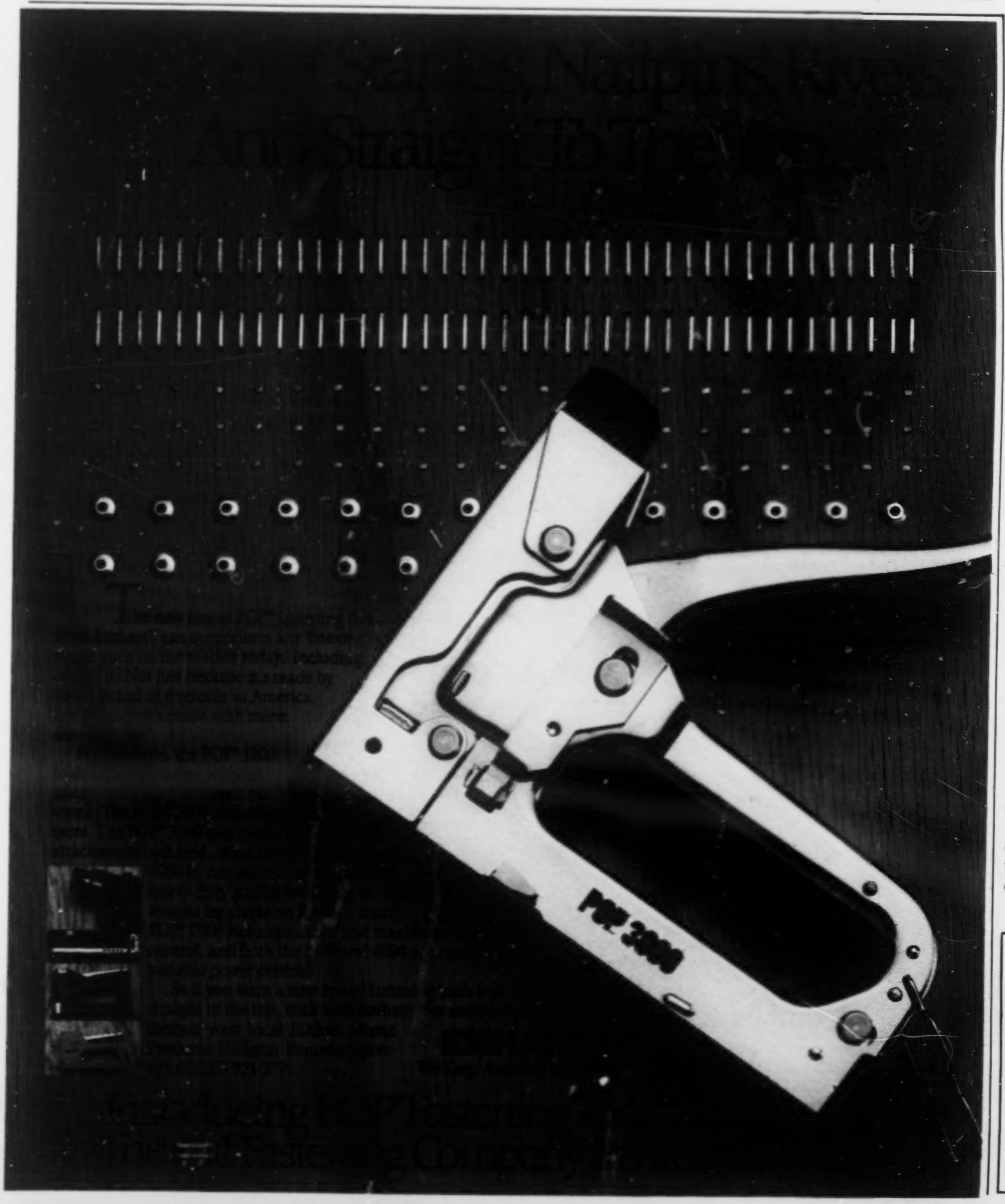
South: 5%

North Central: 5%

West: 0%

In household chemicals, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the South and North Central States—5%.

Source: DSN/Leo J. Shapiro & Associates



Maybelline Tops; Upscalers Like Revlon

Nationwide DSN Report

Maybelline's broad-based support among discount store managers won it first place in *DSN*'s top brands cosmetics survey.

While Maybelline was named almost as often as a top brand at upscale chains as in conventional ones, store managers at the upscale chains cited Revlon even more often.

In all discount stores, Maybelline was cited as a top brand by 77% of store managers, and by a slightly higher percentage (78%) of managers at conventional discount stores. However, at upscale chains, Revlon came out the leading top brand, with mentions by 80% of store managers.

Revlon, the No. 2 top brand overall, was cited by fewer than half (46%) of store managers at conventional discount store chains.

Cover Girl was named the No. 3 brand in both conventional and upscale discount stores, although it ranked highest in upscale chains, with mentions by 48% of managers.

Max Factor, too, mentioned by 29% of all discount store managers polled, held to its ranking (fourth place) in both conventional and upscale chains.

Aziza, the brand which sparked considerable interest last year with its introduction of the first polishing pen for dispensing nail polish, was most popular among upscale discounters. The brand was mentioned by 20% of store managers. Aziza was tied with L'Oreal for the Nos. 5 and 6 positions.

In contrast with Aziza, Noxell was mentioned more frequently by managers in conventional chains than by those in upscale discount stores.

With interest in nail care products and treatments on the upswing, it is interesting that Cutex, the nail care brand, took a position in the top brand list.

In all areas of the country, discount store managers polled felt they were carrying more brands of cosmetics this year than they had the year before. This was most the case in the West, where 19% of store managers cited an increase in the number of

(Continued on page 139)

Cosmetics

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Maybelline	77%	78%	77%
Revlon	54	46	80
Cover Girl	45	43	48
Max Factor	29	28	35
L'Oreal	12	3	11
Aziza	12	9	20
Noxell	7	8	2
Coty	6	5	8
Cutex	5	5	4
L'Erin	4	5	2

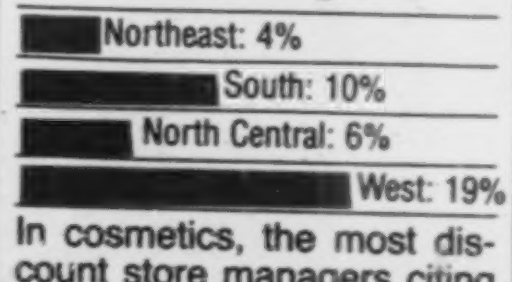
Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Maybelline	91%	92%	71%	80%
Revlon	45	36	61	86
Cover Girl	36	64	52	69
Max Factor	30	29	39	21
L'Oreal	19	5	—	6

Source: DSN/Leo J. Shapiro & Associates

Growth Regions



In cosmetics, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the West—19%.

Source: DSN/Leo J. Shapiro & Associates

Introducing Perfect

IT'S PERFECT FOR PEAK HOLIDAY DEMAND...

Category
■ Pen segment fastest growing in cosmetics
■ Nine out of ten consumers have yet to try a pen

Cutex Heritage
■ Innovative, quality products
■ Delivers shine and wear comparable to traditional polish

Chesebrough-Pond's Inc. Health & Beauty Products Division. 33 Benedict Place, Greenwich, CT 06830

At Zayre, 71% of store managers polled named Maybelline their leading cosmetics brand, followed by Revlon, 61%, Cover Girl, 52%, and Max Factor, 39%. Shown is Zayre, Medford, Mass.

Cosmetics

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Maybelline	63%	82%	79%	80%
Revlon	46	47	64	61
Cover Girl	36	51	56	28
Max Factor	30	21	29	39
L'Oreal	9	13	10	17
Aziza	15	14	15	3
Noxell	5	8	6	7
Coty	2	3	10	7
Cutex	2	5	5	5
L'Erin	5	3	3	6

Source: DSN/Leo J. Shapiro & Associates

Cosmetics

(Continued from page 138)

cosmetics brands carried.

Store managers in all areas of the country also reported Maybelline to be the most popular brand, with mentions by 82% of managers in the South, 80% in the West, 79% in the North Central States and 63% in the Northeast.

Managers in the North Central states also gave strong support to Revlon, which received mentions by 64% of those polled, and to Cover Girl, which was cited by 56% of those polled.

In the West, managers also gave high recognition to Revlon, with mentions by 61% of those polled, but Cover Girl was only cited by 28%.

In general, brand strength by region fell off below the four leading brands, which includes Max Factor in addition to Maybelline, Revlon and Cover Girl.

In an unusual variation by region, Aziza was cited by 15% of store managers in the Northeast and the North Central States and by 14% of managers in the South, yet the brand was only mentioned by 3% of those polled in the West.

In the chain-by-chain breakout, Maybelline took the No. 1 position in all but Target, where Revlon was named the leading brand.

At Wal-Mart, Maybelline was named by 92% of store managers, and by almost as many managers (91%) at K mart. At Zayre, the brand received mentions by 71%.

However, while more managers (80%) cited Maybelline as a top brand at Target than at Zayre, Revlon scored even higher at Target; it came out on top with citations by 86% of store managers polled.

Another strong brand at Target was Cover Girl, which received mentions by 69%. The brand was also popular at Wal-Mart, where it was mentioned by 64% of managers, taking the No. 2 spot for that chain.

At Zayre, the No. 2 spot was taken by Revlon, with mentions by 61% of managers, followed by Cover Girl, with mentions by about half of store managers polled.

In comparison to the other chains, brand recognition was not as strong at K mart past the leader Maybelline. The chain's second most often cited brand, Revlon, was mentioned by only half the number of managers who pegged Maybelline their leading chain cosmetics brand.

READ
CLASSIFIED ADS

Color in a Pen.
CUTEX
PERFECT TO STOCK NOW!
duct
d line of 18 fashion shades
mpetitive price maximizes your
profit and consumer trial
The Program
■ $3 million in introductory print
ee Your CPI Representative For Complete Details.
New From
Cutex
Perfect Color

Oils, Chemicals Comprise 6 of Top 10

Automotive

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Quaker State	49%	53%	42%
Pennzoil	35	34	39
Fram	20	16	29
STP	18	21	10
Valvoline	18	13	29
Prestone	16	17	12
Havoline	15	17	13
AC-Delco	12	7	23
Champion	11	10	11
Lee	7	4	14

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Quaker State	48%	55%	86%	24%
Pennzoil	35	38	6	44
Fram	15	41	41	51
STP	10	5	31	6
Valvoline	16	23	13	45

Source: DSN/Leo J. Shapiro & Associates

Nationwide DSN Report

Oils and chemicals copped six of the top 10 brand positions in automotive, reflecting their prominent sales draw.

However, replacement parts and battery makers rounded out the top brands listing, according to discount store manager responses, which suggests a continuing emphasis toward many different types of easy do-it-yourself car maintenance products.

Quaker State, mentioned by 49% of all managers polled and squarely in the driver's seat, led three other oils on the top brands list—Pennzoil, Valvoline and Havoline. The closest of these, Pennzoil, was cited by 35% of managers surveyed. Together, Quaker State and Pennzoil were the runaway department leaders when store managers were asked to name their top automotive brands.

Fram, named by 20% of discounters polled and the third-leading brand overall, captured replacement part honors. AC-Delco, Champion and Lee, which were cited by 7%-12% of managers polled, rounded out this classification's showing among top brands.

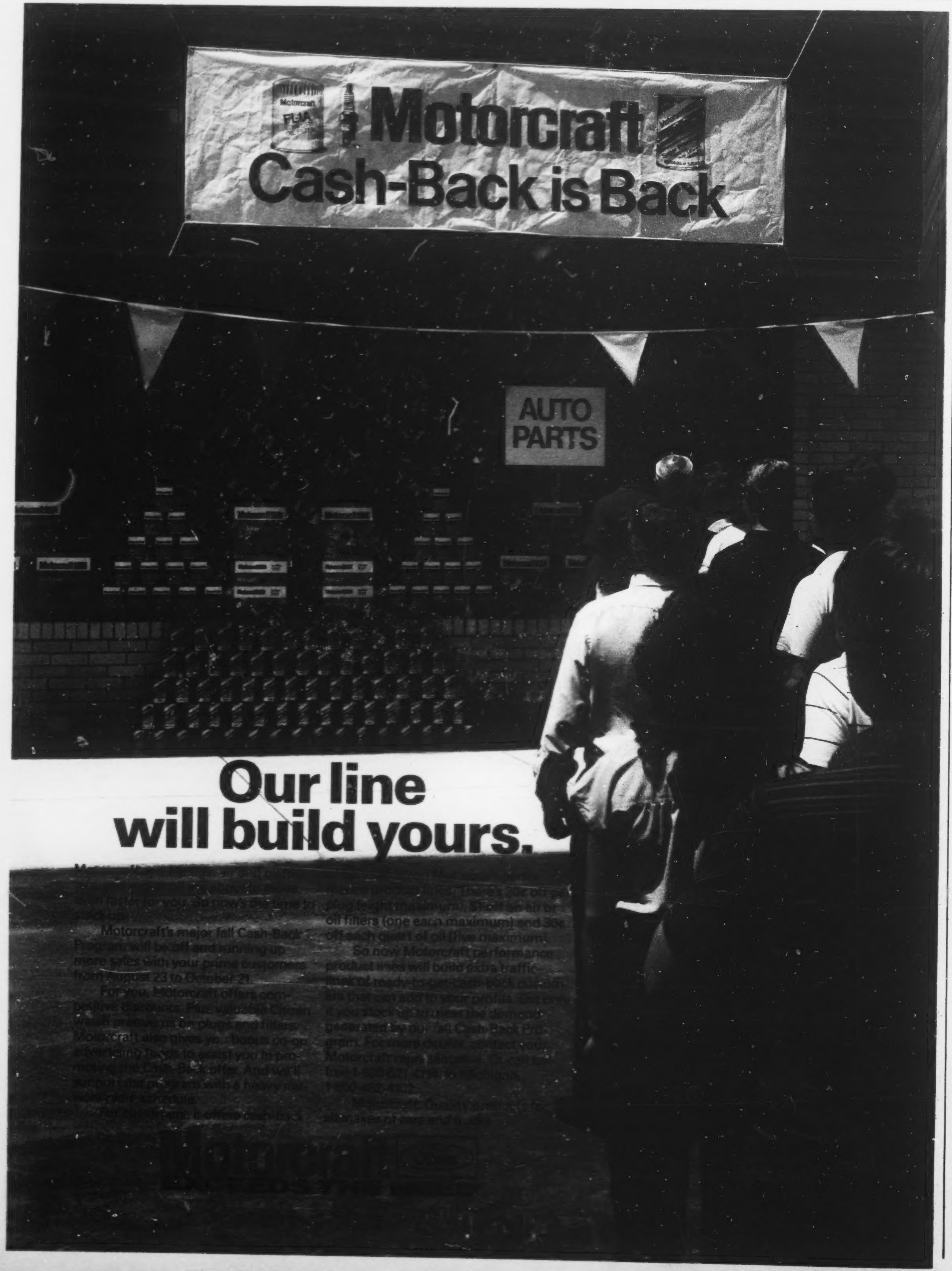
STP, the No. 4 brand overall at an 18% rating, and Prestone, the No. 6 brand at a 16% rating by discount managers, were the only engine chemicals to appear on the current top brands listing.

Significantly, the top 10 brands represent three diverse product segments: oils, chemicals and batteries and replacement parts.

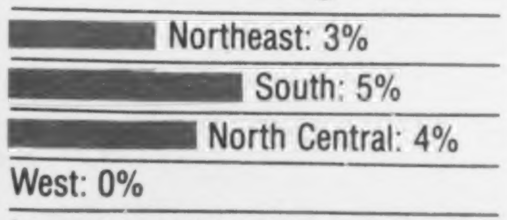
Among the five leading brands, Quaker State and Pennzoil registered the most consistent support among managers at conventional and upscale discount chains. Quaker State was named a top brand by slightly more than half of conventional discounters, and 42% of upscalers. Pennzoil was favored by more upscalers, 39%, than conventional managers, 34%.

The disparity of support widened among the next three most popular automotive brands. Managers of upscale stores favored Fram and Valvoline roughly twice

(Continued on page 145)



Growth Regions



In automotive, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the South—5%.

Source: DSN/Leo J. Shapiro & Associates

Quaker State, Pennzoil in Driver's Seat

(Continued from page 140)

as much as at conventional stores; the reverse was true for STP.

Except for AC-Delco, the only battery brand near the top, the rest of the top 10 received consistent support among managers at conventional and upscale chains. AC-Delco, the No. 8 brand overall, was considered the fifth leading brand by upscalers, who named it 23% of the time.

A sharp contrast surfaced in Quaker State's overall ratings when evaluated on a chain by chain basis. Only 24% of Target managers cited it as a top brand, compared with 86% at Zayre, 55% at Wal-Mart and 48% at K mart. Zayre managers, who were so high on Quaker State, named Fram next most often as a top automotive brand—but less than half the time, 41%. Next at Zayre was STP, at 31%, which was by far its strongest rating among leading discount chains surveyed.

Managers at Wal-Mart also named Fram their No. 2 brand, at 41%, followed by Pennzoil, 38%.

Responses by K mart managers most closely paralleled the overall top brand ratings. Following Quaker State in the No. 1 position was Pennzoil at 35%, Valvoline at 16%, Fram at 15% and STP at 10%.

STP, it appears, built its overall top brand rating on the strength of support at Zayre.

Quaker State may have reached the No. 1 spot overall, but it didn't sweep the country. The brand was first by a wide margin in the Northeast and South, where approximately six discount store managers in 10 named it a top brand. But in the North Central and Western parts of the country, the brand placed second, as only 4 out of 10 cited it as a leader.

Western discounters preferred Pennzoil, naming it 57% of the time. After Quaker State's runner-up stance, there's a sharp falloff to the third-leading automotive brand, in the opinion of Western-based managers. STP, named 19% of the time, edged Havoline, cited by 18% of discount store managers in the West.

In the North Central region, Quaker State and Pennzoil tied for the lead, followed distantly by AC-Delco and Fram, which were both cited by 21%.

Among managers in the Northeast and South, Pennzoil held the second top brand spot securely. Northeastern managers, for example, named it 20% of the time.

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Quaker State	61%	58%	37%	43%
Pennzoil	20	28	37	57
Fram	15	26	21	13
STP	15	21	17	19
Valvoline	8	17	30	10
Prestone	8	26	17	4
Havoline	4	23	12	18
AC-Delco	11	10	21	—
Champion	8	12	13	6
Lee	13	7	8	—

Source: DSN/*Leo J. Shapiro & Associates*

AUTO SERVICE BAYS

Oils and chemicals, which took the majority of top brands listings in automotive, are easy-to-use, do-it-yourself maintenance items. They're endcapped by the race track at Nichols, Hagerstown, Md.

(DSN photo)

PROOF THAT LITTLE PEOPLE
CAN HAVE BIG PROBLEMS.

Alcoholism Council of Greater New York
133 East 62nd Street, New York, N.Y. 10021
(212) 935-7075

Writing Instruments Win Half of Top 10

Nationwide DSN Report

The top stationery brands cited by discount store managers cover a broad range of product categories including filler paper, school and home office supplies, writing instruments and greeting cards.

Half of the brands mentioned in the top 10 list represented writing instruments.

Although Mead, a filler paper/notebook supplier, was the clear-cut leader in the number of mentions as a top brand, it was still named by fewer than half of all discount store managers polled. However, among upscale discounters, Mead received mentions by 53%.

The next three top brands on the list—Bic, Papermate and Parker—are all writing instrument brands. However, Bic was far and away the most popular one, with mentions by 33% of store managers. There was no variance in opinion between conventional and upscale discounters, with 32% of store managers in both classes of chains naming Bic as a top stationery brand.

Papermate, the No. 3 top brand, with mentions by 17% of all store managers, also got similar responses by both conventional and upscale discounters. Parker, named by 10% of store managers, was more popular among upscale chains, with mentions by 14% of managers, than among conventional chains, where it was named by 9% of managers.

American Greetings was especially popular among upscale chains, where it was named by 20% of managers. Even Ambassador, a division of Hallmark, mentioned by only 3% of conventional chain managers, was named by 9% of managers at upscale chains.

Crayola, the sixth most often cited brand, was clearly more highly recognized at conventional chains, with mentions by 9% of managers, than at upscale chains, where only 2% of managers polled pegged the brand as a top 10 best seller.

Rounding out the five writing instrument brands were Scripto and Sheaffer, Nos. 7 and 9 on the list. Scripto was the preferred writing instrument brand in both conventional and up-

(Continued on page 147)

Growth Regions

▬ South: 1%

In stationery, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the South—1%.

Source: DSN/Leo J. Shapiro & Associates

Stationery

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Mead	44%	40%	53%
Bic	33	32	32
Papermate	17	16	17
Parker	10	9	14
American Greetings	9	5	20
Crayola	7	9	2
Scripto	6	5	9
Ambassador	4	3	9
Sheaffer	4	4	3
Stuart Hall	3	2	5

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Mead	18%	69%	25%	73%
Bic	29	32	40	55
Papermate	22	13	23	22
Parker	10	3	—	7
American Greetings	2	—	10	23

Source: DSN/Leo J. Shapiro & Associates

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Mead	21%	44%	53%	49%
Bic	23	26	30	58
Papermate	21	17	13	18
Parker	6	5	17	12
American Greetings	5	7	16	7
Crayola	2	4	10	13
Scripto	5	6	8	4
Ambassador	—	4	6	6
Sheaffer	7	3	6	—
Stuart Hall	3	3	4	—

Source: DSN/Leo J. Shapiro & Associates

Stationery top brands cover a range of items like filler paper, writing instruments and home office supplies. At Gemco, Rowland Heights, Calif., the stationery assortment includes top brand Crayola. *(DSN photo)*

PRESENTING THE NEW
We couldn't squeeze in
Berol CASSETTE
PRESENTING BEROL CASSETTE CE.
Mechanical Pencil with Refill Cartridge.

- "Shock-absorber" cushioned point reduces lead breakage.
- Cleaning pin and accessible chuck for easy maintenance.
- Easy-loading cartridge refill system.

Our new Berol CASSETTE CE Mechanical Pencil gives your customers more than just good looks. It gives them technical innovations inside — where it counts. Compare our selling features to Scripto and Papermate. We've got more, and at a very competitive retail price — just $2.29. And when your customers see our new "tell-all" display, they'll know which mechanical pencil to buy.

Mead and Bic Each Capture 2 Regions

(Continued from page 146)

scale discount stores. However, its popularity over Sheaffer was most evident in upscale chains where it was named by 9% of store managers, as opposed to 3% of store managers naming Sheaffer.

Stuart Hall, which manufactures stationery and school, home and office supplies, took the last spot on the list, with mentions by only 3% of store managers. However, the brand was somewhat more popular in upscale chains, where it was named by 5% of managers, than in conventional discount stores, where it received citations from only 2% of managers.

In the regional breakout, Mead was the most often named brand in the South and North Central regions, but Bic was mentioned most often in the Northeast and Western regions.

In fact, Bic experienced the highest percentage of citations by any region, with 58% of store managers in the West naming it a top brand. Mead received the second highest percentage of citations, with mentions by 53% of managers in the North Central region.

Mead was also notable in the regional breakout by the wide discrepancy between the percentage of mentions it received in the Northeast—21%—which was comparatively weak vs. its strength in the other regions.

Differences in the strength of the Mead brand were equally dramatic in the breakout of responses at four major chains.

Mead was mentioned by 73% of store managers at Target and by 69% of managers at Wal-Mart. Yet, at Zayre, the brand was mentioned by only 25% of store managers polled, while an even smaller percentage of managers at K mart, 18%, cited Mead as a top brand.

In fact, at K mart, Mead came out third in percentage of mentions, past Bic and Papermate.

At Zayre, Bic was named the No. 1 brand, with mentions by 40% of store managers. The percentage of mentions of Mead and the chain's No. 3 brand, Papermate, were separated by only two percentage points.

At Target, although Mead was the clear-cut brand leader, Bic received strong recognition, with mentions by 55% of store managers.

Conair Wins 3 Regions, Clairol Gets 1

(Continued from page 112C)

skeltered picture emerges when looking at brand preferences on a chain by chain basis.

For instance, 72% of K mart managers and 62% at Zayre cited Conair as a top brand, but its popularity falls off markedly at Wal-Mart, 48%, and Target, 24%.

Less dramatically, Clairol was mentioned most often by Target managers, 43%, and 40% at K mart, but was named by only 27% of Zayre managers and 17% at Wal-Mart.

Norelco was cited by more than six Target managers in 10, but only about two K mart managers in 10. General Electric appeared to have more consistent support, though Remington, which rounds out the top five, was cited as a top brand by only 13% of Zayre store managers.

Looking at store manager brand preferences on a regional basis, it appears that many of the top brands have solid national followings. As an example, Conair is favored by 47% of discount store managers in the North Central part of the country, and finds its floor at a still hefty 34% level of mention in the West.

In contrast, Clairol is most popular in the West but bottoms at a relatively soft 22% ranking in the South.

Norelco was strongest in the North Central region, at 45%, but didn't fare nearly as well at 17% in the Northeast.

Adding It Up

Region-by-region measures reflect fairly consistent support nationwide for virtually all the rest of the top 10. Remington, for example, ranges from 15% in the South to 25% in the West; Vidal Sassoon from 9% in the Northeast to 20% in the North Central region.

Regional findings appear to underscore the strength of Conair as the leading brand. It practically swept the map, taking the Northeast with a 40% citation level as a top brand, the South at 43%, North Central at 47%, tough finishing third in the West at 34%.

The No. 2 brand, Clairol, won the West at 47%, was narrowly beaten in the Northeast, and was favored by many in the South and North Central parts of the country, according to survey findings.

Personal Care

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Conair	40%	43%	47%	34%
Clairol	38	22	39	47
Norelco	17	30	45	40
General Electric	35	40	30	21
Remington	16	15	19	25
Vidal Sassoon	9	12	20	19
Windmere	3	14	8	11
Sunbeam	3	5	14	10
Gillette	14	7	6	—
Black & Decker	11	9	6	—

Source: DSN/Lee J. Shapiro & Associates

Chemicals

(Continued from page 136)

named Comet as a top brand, followed by 8% at K mart and Wal-Mart and 6% at Zayre.

Regional preferences also became clear when manager responses were grouped by area of the country. For instance, Procter & Gamble citations were greatest in the South, 41%, and weakest in the Northeast, 25%.

Tide was mentioned most often by managers in the North Central part of the country, 42%, and least by discounters in the Northeast, 13%. Windex also had its greatest support from North Central discounters, 20%, but lagged in the West at 7%.

Figures Analyzed

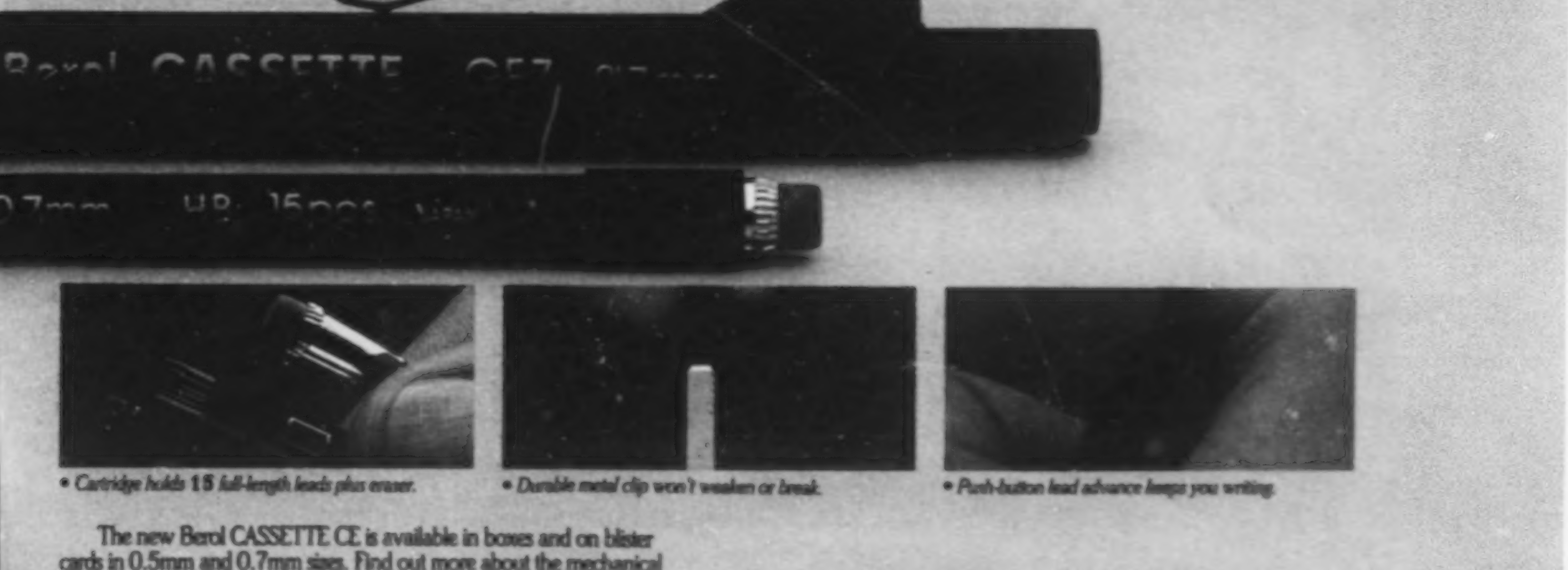
The next four brands in turn—Downy, Comet, Cheer and Vanish—each were named most frequently by discounters in the North Central and Western parts of the nation. They all had consistently lower scores among managers polled in the South and Northeast.

Rounding out the top brands list, Dawn, in the eighth position, had an uncharacteristically high frequency of mention among discount store managers in the South—8%. At the same time, virtually none in the West named Dawn as a top brand.

Mr. Clean drew a similar profile in the West, though it was cited by a fairly balanced number of managers in the Northeast, North Central and South regions.

It's not surprising that few discount managers reported increases in the number of household chemicals brands carried this year, considering the dominance of the Procter & Gamble family of brands. In fact, none among discount store managers polled in the Northeast and West said any such gain occurred. In the South and North Central regions, however, 5% of managers said they're carrying more brands in the department now.

BEROL® CASSETTE CE.
another selling feature.



• *Cartridge holds 15 full-length leads plus eraser.*

• *Durable metal clip won't weaken or break.*

• *Push-button lead advance keeps you writing.*

The new Berol CASSETTE CE is available in boxes and on blister cards in 0.5mm and 0.7mm sizes. Find out more about the mechanical pencil that's packed with hard-sell. Give your Berol Sales Representative a call, or contact Al Blackburn at Berol — (203) 744-0000 Ext. 313 — for a free sample and news about our great introductory promotion.

Berol

Berol USA, Division of Berol Corporation, Danbury, Connecticut 06810

Candy and Snacks Rack Up Tasty Totals

Nationwide DSN Report

Discounters crave sweets. That's the clear conclusion of top brand survey findings in the food/candy/snacks department.

Candies and snacks brands held the six most favored positions among managers polled.

Cookie and cracker brand Nabisco nailed down the No. 7 spot, while soft drinks, Coke and Pepsi, tied Keebler for eighth.

The popularity of candies and snacks among discount store managers polled is evident by the double-digit scores registered by all 10 food brands. Survey findings indicate that discounter food assortments are dominated by candies, chips, nuts, cookies, crackers and soft drinks.

Hershey was named the top brand by nearly half of all discounters polled. Its 45% overall rating was comparably strong at conventional stores and upscalers.

Planters, however, the No. 2 brand overall at 42%, was favored by more upscalers than managers at conventional chains. Upscale store managers named Planters 54% of the time, compared to 38% of conventional discounters.

Mars, an M&M brand, achieved its 39% rating and No. 3 position on the strength of even support from upscalers and conventional managers. However, M&M was a distant sixth, at 24%, a rating that also reflected comparable levels of popularity at both types of chains.

Frito-Lay, the No. 4 brand overall, narrowly edged Brach's, M&M and Nabisco in the opinions of store managers polled. The four brands were separated by a mere five percentage points in frequency of mention, ranging from 22% to 27%. Among these closely bunched brands, however, Frito-Lay was the clearcut leader among upscale discounters, who named it a top brand one time in three.

Keebler, Coke and Pepsi are in a dogfight, rounding out the rest of the top brands list in food/candy/snacks. Each of the three achieved a 10% overall rating by managers polled, and all scored significantly better at ups-

(Continued on page 153)

Food, Candy, Snacks

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Hershey	45%	45%	48%
Planters	42	38	54
Mars	39	36	42
Frito-Lay	27	24	33
Brach's	25	28	18
M&M	24	23	28
Nabisco	22	23	19
Keebler	10	9	14
Coke	10	7	19
Pepsi	10	7	16

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Hershey	53%	26%	56%	33%
Planters	36	35	69	62
Mars	43	30	38	39
Frito-Lay	20	28	26	40
Brach's	13	81	17	2

Source: DSN/Leo J. Shapiro & Associates

Growth Regions

Northeast: 8%
South: 4%
North Central: 0%
West: 0%

In food, candy and snacks, the most discount store managers citing an increase in the number of brands carried (1985 vs. 1984) were in the Northeast—8%.

Source: DSN/Leo J. Shapiro & Associates

PROVEN CIGARETTE MERCHANDISING

PACKAGE MERCHANDISER
CARTON MERCHANDISER
PLANNING CONSULTING
POINT-OF-SALE MATERIALS
Salem Spirit
THANK YOU FOR SHOPPING HERE
CIGARETTE SAVINGS CENTER
CHAIN LOGO
CIGARETTE CENTER

CIGARETTE SAVINGS CENTER
- Doral
- Generics

INDIVIDUALIZED MERCHANDISING SERVICE

Leadership, expertise, innovation… with programs tailored to your needs, to help you sell more cigarettes and improve your profitability.

Call your R. J. Reynolds representative today. Let us show you the Reynolds difference.

RESEARCH INFORMATION
- Industry Trends
- Share of Market
- Demographics

PROFIT INFORMATION DPP STUDIES
- Sales/Gross Margin
- R.O.I.I.
- Direct Product Profit

PROMOTION ALLOWANCES

RJR TOBACCO

R.J. Reynolds. Dedicated to leadership through innovation.

Candy and Snacks Pack Lots of Weight

(Continued from page 151)

calers than with conventional stores.

In the opinions of managers at upscale chains, Coke was favored most strongly at 19%, followed closely by Pepsi and Keebler. However, conventional discounter managers rated Keebler highest of the three, at 19%.

When examining the popularity of the top five brands at leading chains, almost all rated well at K mart, Wal-Mart, Zayre and Target. However, consistency is another matter.

Hershey, for instance, was named by more than half of K mart and Zayre managers, just one-third at Target and a quarter at Wal-Mart. It copped the No. 1 brand position overall, despite being considered the strongest brand only by K mart managers. Hershey was rated second at Zayre, fourth at Target and fifth at Wal-Mart.

Planters swept Zayre and Target by wide margins, but was a distant second at Wal-Mart and third at K mart.

By comparison, Mars and Frito-Lay had fairly balanced support among these top chains.

Adding It Up

The most striking contrast belonged to Brach's, which was cited by 81% of Wal-Mart managers, and just 2% at Target, as a top brand. Those ratings made Brach's the most popular food/candy/snack brand at Wal-Mart, and the trailer at Target. The brand also finished fifth among Zayre and K mart managers, who named it a top brand less than 1 time in 5.

Looking at the popularity of brands in different parts of the country, no single food/candy/snack brand satisfied all of America's taste buds.

Hershey was first in the North Central and West, but second in the Northeast and South. Mars, the next-leading chocolate brand, topped the Northeast and was second in North Central, but lagged elsewhere. M&M melted in the mouths of even fewer discount managers polled, being named by less than a quarter of managers in each region.

That was good enough in the Northeast to tie Brach's at 24%. For its part, Brach's tied for second in the South, at 36%, but fared less well elsewhere.

The two cookie and cracker brands, Nabisco and Keebler, had vastly different regional profiles, though both were rated highest in the North Central and West. Nabisco topped Keebler in every part of the country.

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Hershey	46%	36%	53%	48%
Planters	39	42	47	39
Mars	51	31	48	25
Frito-Lay	13	29	31	31
Brach's	24	36	28	3
M&M	24	26	24	19
Nabisco	16	21	22	27
Keebler	3	7	18	11
Coke	5	9	12	14
Pepsi	4	9	12	12

Source: DSN/Leo J. Shapiro & Associates

Candies and snacks are addicting to discounters, who named them as six of the top 10 department brands. Ames, Meriden, Conn., devotes front race track aisles to the high-impulse items. (DSN photo)

3 ON THE MONEY.

10
5
Bill Gallo.

DISCOUNT STORE NEWS' EXCITING NEW 1985 HOUSEWARES SHOW PACKAGE* LETS YOU REACH YOUR PROSPECTS BEFORE, DURING AND AFTER THE SHOW.

Discount retailing accounts for $6.9 billion in housewares sales annually—35% of all retail housewares sales.

And the Housewares Show is the time all the discount retailers are looking at what housewares manufacturers have to sell.

Now you can bracket the Housewares Show with ads in 3 issues of DISCOUNT STORE NEWS. The Pre-Show, the Show issue and the Post-Show issue. And make sure they see your products:

BEFORE: When they are making their plans.

DURING: While they walk the show and are in a buying frame of mind.

AFTER: When they get back to their offices—to remind them to place their order.

Take full-page ads (minimum) in each of these 3 issues and earn a substantial discount.

This is a totally new program. A first for DISCOUNT STORE NEWS and a first for your industry. And your company.

Show off your wares. Reserve your space now.

*HOUSEWARES SHOW PACKAGE ISSUES AND AD CLOSING DATES:
OCT. 28/OCT. 1
NOV. 11/OCT. 16
NOV. 25/OCT. 30

Discount Store News.
THE NEWSPAPER OF DISCOUNT RETAILING
THE NEWSPAPER OF THE BIG LEAGUE CHAINS
Fred Filer, Publisher
Sales Offices
425 Park Avenue, New York, NY 10022 (212) 371-9400
1 Gateway Center, Newton, MA 02158 (617) 527-6394
444 N. Michigan Avenue, Chicago, IL 60611 (312) 644-8688
606 N. Larchmont Blvd., Los Angeles, CA 90004 (213) 464-8321
Lebhar-Friedman, Inc. The Voice of Retailing.

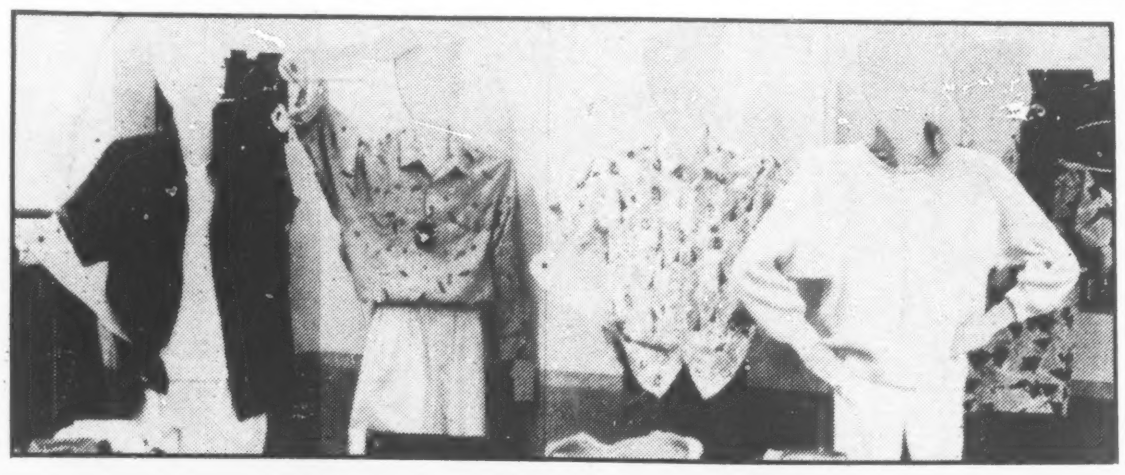
C5150-3

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

$2 per copy

VOL. 24, NO. 21 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | OCTOBER 28, 1985



Bright Colors Cheered At MAGIC Show

By KAREN PAXTON

LOS ANGELES — Men's and boys' wear merchandisers found the sparkle they had been seeking at the Men's Apparel Guild in California (MAGIC) show here.

But, for most discount chains sparkle was not all they were after. Buyers asked for and found "at once" shipping for Holiday and '85 and some off-price deals in promotional categories like knit tops for spring '86.

All the brightly colored tropical and floral print shirts with matching printed shorts in lengths varying to just below the knee, abstract graffiti prints and stripes were described as "icing on the cake," by chain merchants.

"This is all spicy and fun, but it's less than 1% of our business," said Steve Jelin, president of the Green Bay, Wis.-based Prange Way. He categorized longer pajama style shorts (jams) in prints to match shirts which were dominant at the show as "the oregano on the pizza."

The meat and potatoes of discounters' spring business will be basic shorts, tennis coordinate sets as an activewear look, knit tops with engineered stripes or award stripes, Hawaiian shirts, basic jeans, twills and painter pants. The key to sales gains will be pricing, merchandisers report.

Translating the California fashion scene to that basic and almost lackluster assortment is a matter of color for spring '86, most chain merchandisers agree.

"I've been pleasantly surprised by the color here," said Gold Circle men's divisional mm Steve Drexler. "There's such a big thrust to brights."

It's not that the vendors are pushing brights, said Drexler; the retailers feel strongly about them. "Business is going 50/50 pastels and brights. Not 80% pastels, the way it seemed the manufacturers had expected."

One reason discount merchants are sold on brights is their success a year ago with Hawaiian shirts. "I think the print thing is exciting," said Joe Ettore, soft lines vp at Jamesway. "Next spring print shirts will be a third of the shirt mix compared with 25% a year ago."

T.G. & Y.'s Chuck Schmidt is also betting on stronger print camp shirt business. "I expect

(Continued on page 9)

Discounters Boost Net to 2.54% In '84-'85, Their Highest Ever

NEW YORK — Discounters turned in a strong performance in 1984-85 despite the seesaw economy, registering 2.54% net earnings after taxes, the highest ever recorded for the industry.

More aggressive merchandising, augmented by a slowdown in the opening of new stores, resulted in record highs being achieved in such areas as average sales per store and per square foot of selling space, and in inventory turnover.

In the face of the uncertain economy, discounters tightened up on expenses across the board. Such costs (measured as a per cent of sales) as total expenses, occupancy expenses, advertising and promotional expenditures, transportation costs and employee benefit charges fell to record lows.

This picture of a resurgent discount industry is evident in the National Mass Retailing Institute's *Operating Results of Self-Service Discount Department Stores, 1948-85*. The annual study was conducted for the NMRI by Cornell University, and includes the Mass Retailers' Merchandising Report on the performance of 36 departments. (*DSN* will carry an analysis on the merchandising report in the next issue.)

The operating study's picture of 31 discounters, running 3,475 stores with sales of $25.1 billion, shows that average volume per store went up 24.2% to $7,504,000; sales per square foot of selling space increased 13.1% to $156.99; and volume per square foot of total store area went up 11.6% to $127.76.

Turns for owned-department inventories showed a 24.1% jump to 4.33, while stock shortages (at retail) as a percentage of sales had a 35.3% decline to 0.75%, the lowest figure ever in the study.

On the cost side, as a per cent of sales, total expenses dropped 0.3% to 23.65%. Occupancy expenses fell 1.6% to 5.44%, advertising and promotional costs declined 1.3% to 2.20%, transportation expenditure slipped 9.7% to just 0.28% and employee benefit charges plunged 20.7% to 1.84%.

Besides these record results, the figures for such other measurements as cumulative markup, gross margins, buying and merchandising expenses and store operating expenditures were in line with past performances, so the total impact of the sharper merchandising and tighter controls was an overall strong bottom line.

Cumulative markup (as a percentage of original retail) slipped only 0.5% to 36.31%, still one of the highest figures in the past eight years; gross margin (of owned sales) was 29%, a drop of only 0.6%.

(Continued on page 34)

Study Tracks 26 Identical Chains

	Per Cent of Sales 1983-84	 1984-85
Number of (Identical) Firms	26	26
Gross Margin	28.54	28.12
Leased Department Income	0.49	0.44
Gross Income	29.03	28.56
Total Expenses	23.52	23.32
Net Operating Profit	5.51	5.24
Other Income or Deductions	– 0.44	– 0.33
Earnings Before Income Taxes & LIFO	5.06	4.91
LIFO Reserve	0.21	0.00
Earnings Before Income Taxes	4.85	4.91
Federal & State Income Taxes	2.16	2.18
Net Earnings After Taxes	2.69	2.73

Source: NMRI

NMRI study breaks out results for 26 identical discounters, noting such tracking is a more accurate reflection of industry trends.

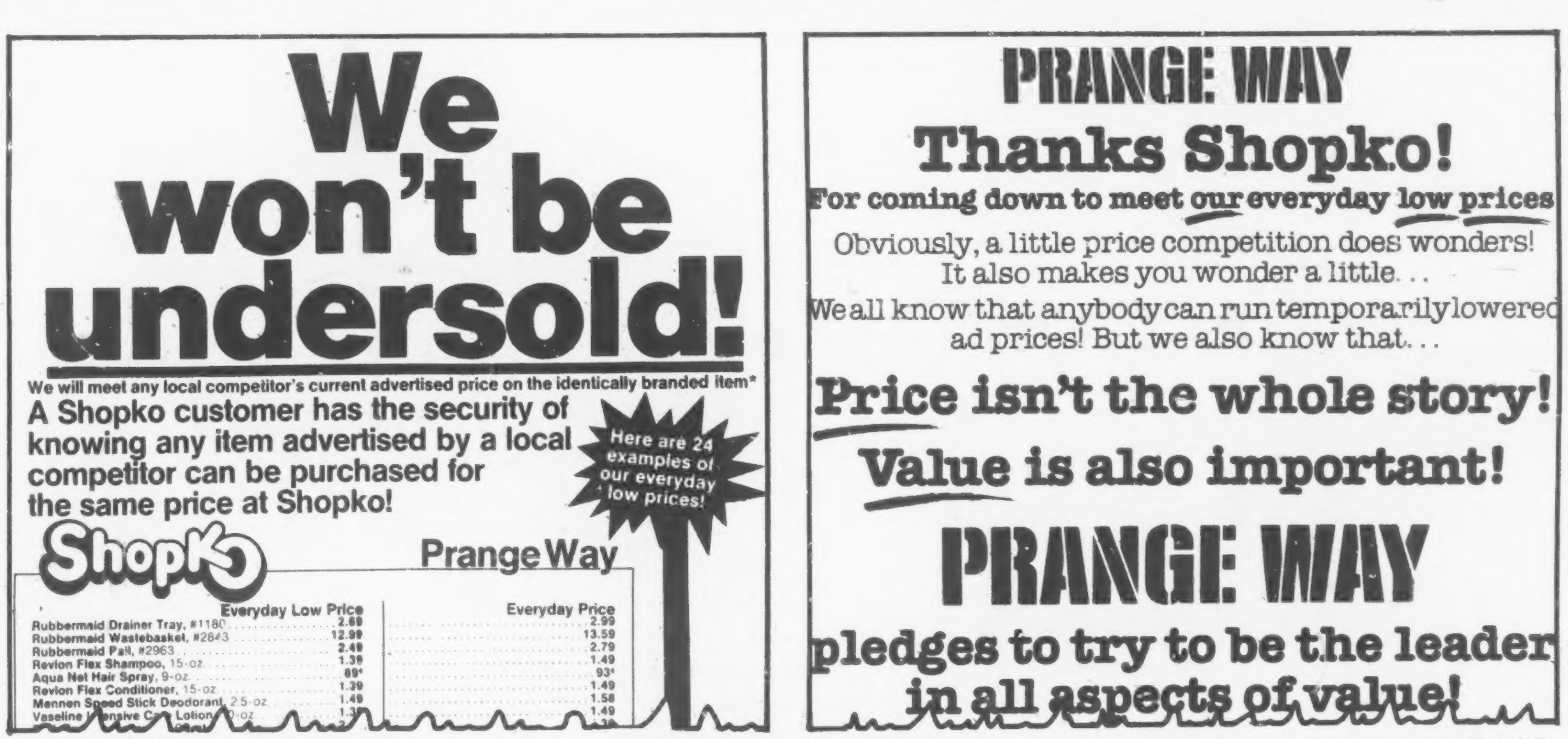
Prange Way Battles Own Former Image and ShopKo

GREEN BAY, Wis. — Prange Way is waging an aggressive new image war—on its former self and on market powerhouse ShopKo.

The 20-unit chain has embarked on several new programs, trying to weave its upscale direction of the past few years into a more value-oriented, sharply priced operation. The key shift, to an everyday low pricing policy, has triggered an image/price war with dominant discounter ShopKo, which accounts for almost half of the market's retail sales. Prange Way, K mart and Kohl's Department Stores each own about 14%.

Prange Way's initial barrage of ROP advertising compared

(Continued on page 34)



We won't be undersold!

We will meet any local competitor's current advertised price on the identically branded item*

A Shopko customer has the security of knowing any item advertised by a local competitor can be purchased for the same price at Shopko!

Here are 24 examples of our everyday low prices!

ShopKo	Everyday Low Price	Prange Way Everyday Price
Rubbermaid Drainer Tray, #1180	2.69	2.99
Rubbermaid Wastebasket, #2843	12.99	13.59
Rubbermaid Pail, #2963	2.49	2.79
Revlon Flex Shampoo, 15-oz	1.39	1.49
Aqua Net Hair Spray, 9-oz	89¢	93¢
Revlon Flex Conditioner, 15-oz	1.39	1.49
Mennen Speed Stick Deodorant, 2.5-oz	1.49	1.58
Vaseline Intensive Care Lotion, [illegible]-oz	1.3	1.49

PRANGE WAY
Thanks Shopko!
For coming down to meet our everyday low prices
Obviously, a little price competition does wonders!
It also makes you wonder a little...
We all know that anybody can run temporarily lowered ad prices! But we also know that...
Price isn't the whole story!
Value is also important!
PRANGE WAY
pledges to try to be the leader in all aspects of value!

Prange Way's new aggressive posture, offering everyday low pricing, resulted in an "image war" with market leader ShopKo during the chains' back-to-school promotions. ShopKo refused to be undersold; Prange Way announced there's another price-oriented retailer in town.

IN BRIEF

• **ZAYRE CORP. HAS** agreed to purchase Metro Cash & Carry Wholesale, a three-unit membership warehouse club chain in the Chicago area. Once the acquisition is completed, the units will be operated by Zayre's BJ's Wholesale Club division, under the BJ's name. BJ's president Mervyn Weich said the company plans eventually to operate five or six units in the Chicago market.

• **CONSUMERS DISTRIB**uting (U.S.) has unveiled its first expanded prototype showroom, a 10,500-sq.-ft. unit in Philadelphia that devotes 4,692 sq. ft. to selling space. Set to open next month in Peabody, Mass., is a 12,200-sq.-ft. store (5,520 sq. ft. selling).

Licensing Is Still
Hot in Toys, But

0024037C DS
MS JEANNE LONG
CONGRESSIONAL INFOR SVC 1EW
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

Housewares Show Preview: Pp. 15-20

Among the new items readied for next week's Housewares Show are several in the growth categories of electrics, microwaves, health care and floor care.

Index

Apparel 9-11
At the Source 19-20
Catalog Showroom News 5
Classified 28-32
Discounter Management
  Development Series 25
Editorial Page 6
Housewares 15-17
Manufacturer News 33

APPAREL

Burlington Coat Eyes $360M '85, Up 16%

BURLINGTON, N.J. — Burlington Coat Factory sales are expected to reach $360 million by the end of this fiscal year, and top the $400 million mark in fiscal 1986, said chairman of the board, president and chief executive officer Monroe G. Milstein.

Along with a projected 16% sales increase for this fiscal year, the company expects to have opened 12 new stores by the end of 1985, for a January 1986 store count of 80 units, averaging 58,000 sq. ft.

Also, the now 79-store outerwear and apparel off-price chain anticipates strong sales gains from its latest venture launched over a month ago—converting leased fur departments to company-run operations.

Fur sales, which had been 5% of total volume, will now "increase drastically," said Milstein. One company executive said Milstein expects to double or triple sales in furs by the end of this winter season.

Monroe Milstein

During the last completed fiscal year total Burlington sales reached $309.7 million, a 40.5% increase over the prior year's $220.4 million. Net income leaped 38% to $16.5 million, vs. $12 million the year before. These figures were based on results from 68 stores, in which 60% of total sales came from outerwear departments.

An aggressive advertising campaign was part of Burlington's strategy last year, and even more so this year. For the first half of this year, the company spent $2,612,000 on television advertising, trailing only fellow off-pricers Marshalls and C&R Clothiers, according to reports from the Television Advertising Bureau (TvB). This represents a 47.2% jump in television ad expenditures over the first half of 1984, when the chain spent $1,774,800.

For the full year 1984, the chain outspent the other off-pricers in television advertising, including Marshalls, with an outlay of $7,213,900.

In merchandising, Milstein's strategy for the balance of the year essentially follows that of last year—keeping inventories heavy, keying about 70% of the mix to basic looks and bringing in a greater percentage of goods closer to the selling season.

The now company-operated fur department is spearheaded by newly appointed fur manager Lester Bodner (formerly of the six-store Chicago-based specialty chain Paddors). He is coordinating his buying with the New York-based Len Rosen Associates buying office.

Bodner's responsibilities include designing the layout and merchandise presentation of the departments and training store management and selected salesmen to service the area.

The new venture ends Burlington's two-year-old lease arrangement with Bentley Furs.

Burlington Coat expects to double or triple sales of furs, now company operated, by the end of this winter.

At presstime, the fur assortments were expected to be available in 39 stores throughout Burlington's market area, with the balance of the stores receiving assortments within a year, said Bodner.

Bodner added that price ranges for the furs will remain the same as in the leased departments, with the ceiling price at $3,500 for a mink coat. The bulk of the assortment is in the $600 to $2,000 range.

While the selection still consists of what Bodner termed "bridge furs"—between specialty store and low-end selections—he said the company-run department will offer a better-quality, more well-rounded assortment. He explained Burlington is now buying from about 20 fur manufacturers, while Bentley, which manufacturers its own furs, had stocked the departments with only its own pieces.

Correction

In the Aug. 19 issue of *Discount Store News* (page 82), we incorrectly stated the annual sales of Sands Salvage, Farmingdale, N.Y., as $5 million.

The correct figure is $13 million. The adjusted volume ranks the firm 17th on a list of 30 closeout operators profiled in that issue.

Frady Named Prez Of Maloney Chain

MOUNT STERLING, Ky. — Robert L. Frady has been promoted to president and ceo of Maloney Enterprises, the discount department store chain that was acquired by Heck's in August.

Frady, who had been executive vice president, operations, of Maloney, succeeds Theodore W. Kazleman, who was recently named president and coo of Heck's.

Three D Payout

EAST HARTFORD, Conn. — The board of directors of Three D Departments declared a regular quarterly cash dividend of 25¢ per share on the Class A common stock and 15¢ per share on the Class B common stock, to be paid on Oct. 31, 1985, to stockholders of record on Oct. 17, 1985.

Three D, a merchandiser of linens and domestics, operates leased departments and specialty stores.

No seal. No sale.
CERTIFIED BY DU PONT
SilverStone
This seal is granted only to products with genuine SilverStone premium nonstick surfaces which meet Du Pont's quality standards
INTERIOR SURFACE
Only SilverStone® is Certified.

Highest Net

(Continued from page 1)

As a percentage of sales, buying and merchandising expenses gained only five percentage points to 0.61%. Administration and general expenses remained stable at 1.01% and store operation expenditures showed a 1.1% boost to 10.31%.

Other indicators of the industry's overall strong performance included return on equity (net earnings after taxes as a percentage of net worth) which went up 8.4% to 18.69% and return on assets (ratio of new earnings to total assets) which had a 6% jump to 7.82%.

Besides the overall results from the 31 firms, the study tracked 26 discounters that have participated each year for the past few years, functioning as a benchmark group "due to their consecutive years of reporting financial data which presents an accurate reflection of year-to-year changes in the financial and operational state of the industry."

The bellwether results at these 26 identical firms were right in step with the industry-wide trends. The study's analysis of these discounters involved both overall performance figures and, in some specific areas, a breakout of firms into two groups: those with sales above and below $400 million.

The latter analysis included such measurements as average store volume, sales per square foot of space, turns, stock shortages, total expenses, transportation costs and employee benefit charges.

In the case of the identical discounters with sales above $400 million, the results included:

Average store sales went up 6.7% to $7,867,000; volume per square foot of selling space had a 10.1% increase to $162.75; turns jumped 37.8% to 5.07, and stock shortages plunged 50.4% to just 0.61%.

Total expenses had an 0.3% increase to 23.13% of total sales, while specific costs (as a per cent of sales) showed mixed results. Transportation expenses went up 54.5% to 0.34% of sales while employee benefit charges dropped 29.5% to 2.30% and occupancy expenses slipped 2.4% to 5.32%. Buying and merchandising costs remained stable at 0.51%.

Chains' Total Expenses Decline

	Per Cent of Sales	
	1983-84	1984-85
Number of (Identical) Firms	26	26
Total Payroll	11.33	11.22
Supplies	0.77	0.75
Communications	0.26	0.27
Travel	0.21	0.21
Services Purchased	0.60	0.66
Advertising	2.50	2.33
Taxes and Licenses	1.51	1.46
Utilities	1.15	1.12
Insurance	0.64	0.61
Property Rentals	1.92	1.85
Equipment Rental	0.39	0.37
Depreciation & Amortization	1.03	1.08
Repair and Maintenance	0.65	0.61
Donations	0.02	0.02
Professional Services	0.09	0.09
Unclassified	1.15	1.14
Credit and Allowances	– 0.70	– 0.44
TOTAL EXPENSE	23.52	23.33

Source: NMRI

Total expenses at 26 identical discounters dropped, mirroring trend for entire industry, which saw many costs (as per cent of sales) decline.

Detroit K marts to Get ATMs

(Continued from page 2)

Magic Line is the shared ATM network in Michigan, made up of nearly 200 separate financial institutions, such as banks, S&Ls and credit unions. The shared network enables cardholders from any member institution to access personal funds from an ATM inside a K mart store—as much as $200 to $300 a day less a transaction fee that's typically less than $1.

In most of the 44 stores (all K marts in the market except five which couldn't spare the space), the ATM will be off the center midway aisle, by the cafeteria entrance, about three-quarters of the way toward the rear wall. "It's a fairly heavy traffic spot, but also gives customers some privacy," Hartman noted.

This is the second financial services pact that K mart has entered into with First Federal of Michigan. This past summer, Bay Savings Bank, a subsidiary of First Federal of Michigan, began offering money-market accounts, 6- to 60-month certificates of deposit and some consumer loans in all four K mart stores in Richmond, Va.

Other than that, this ATM effort continues the financial services testing procedure so far enveloped by K mart: landlord-lessee arrangements, and the appearance of just one such service per store.

Besides ATMs, K mart currently offers full- and limited-service banking, insurance, real estate brokerage, mortgage and consumer financing services in 10 states.

For now, he said, K mart hasn't even spoken with First Federal of Michigan about expanding to other parts of the state. Without committing to expansion of the concept anywhere, Hartman noted the states that have been most progressive in developing shared ATM networks have been Iowa, Texas, Florida and Georgia.

BJ's

(Continued from page 3)

units in adjacent Connecticut.

BJ's president Mervyn D. Weich said the chain's competitive difference from the Price Club includes merchandising more sku's (3,500-4,000 vs. 2,000-2,500 for the Price Club); greater sales in jewelry and furniture, and carrying fewer brands which "increases the stature of those we have."

He added that BJ's doesn't plan to emulate Price Club's recent inauguration of a third membership category that, in effect, turns group members into wholesale members. That Price Club move offers group members a Gold Star membership for a $25 annual fee, along with a $10 yearly charge for a spouse card. But Gold Star members buy merchandise at the same wholesale price as wholesale members, rather than at the additional 5% fee charged to group members.

Prange Way

(Continued from page 1)

its new everyday low pricing on specific products with competitors K mart, Kohl's Department Stores and ShopKo. Five items were directly compared with ShopKo. Prange Way's total was $125.30, ShopKo's, $146.55. The ad copy read: "The difference is $21.25, that's the Prange Way difference."

K mart and Kohl's chose to stay out of the fray but ShopKo responded the next week with a full-page ad in the Green Bay papers, stating in big, bold, bright red letters—"We won't be undersold."

The ad guaranteed customers that ShopKo would match any price in town and went on to compare 24 examples of its "everyday low price," side by side, with Prange Way's "everyday price." This time the totals were $176.24 at Prange Way and $165.67 at ShopKo.

ShopKo ran four of these answering ads, comparing specific prices with Prange Way until Prange Way launched its counterattack. In a full page ad, Prange Way "thanked" ShopKo for coming down to meet its everyday low prices. Prange Way went on to needle ShopKo—"so try shopping with the value leader, instead of waiting until the others follow."

ShopKo's retaliation was in the form of additional price comparisons until Prange Way fired its final blow—"The Fable of Jack and the Giant Killer." Prange Way, "the giant killer," is depicted as the quiet little leader and ShopKo, as the big noisy follower.

The "Coke vs. Pepsi" oneupmanship has ceased, for the time being, but its impact has already been felt, according to Stephen J. Jelin, president of Prange Way.

If Prange Way's new direction, spearheaded by its everyday prices, appears to be leaning toward a merchandising philosophy pioneered by Hills Department Stores, it comes as no surprise. Jelin was a 16-year veteran of Hills, most recently as vice president, soft lines merchandising, for the chain before moving over as Prange Way president last April.

Jelin was quick to emphasize Prange Way will not become a Hills clone.

"Prange Way is more upscale than Hills. Of course, when you've worked for one chain for a length of time, it's only natural to be influenced by its philosophy," he said.

Indeed, Prange Way under Jelin's short tenure has made significant changes, in both advertising and merchandising.

Offering a new everyday low price policy on some 1,200 key items was the first step in rebuilding Prange Way's eroded price image.

"When I came into the market I was surprised to see no one was taking an everyday low price stance. It obviously appeals to the working woman and to people who just don't have a lot of time to shop. I saw a real void in the market and an opportunity for us to differentiate ourselves from the competition," Jelin said.

In addition to everyday low pricing, Prange Way totally overhauled its advertising approach in attempts to convey its new image and, even more importantly, to cut costs.

Prange Way had been running over 60 print circulars and books a year. In addition, consumer perception of the chain had become clouded with Prange's, its 98-year-old department store parent. Prange Way had lost its own image.

The first step for Prange Way was to separate the advertising duties of the two divisions, which had been jointly run.

Secondly, Prange Way went back on television.

Eleven initial spots, a mix of institutional and price/item strategy, were intended to attract attention and pique consumer curiosity. They were also taped at a local television station for about one-fifth of the ad agency price, according to Jelin.

In another cost-cutting move, the chain shifted from a very expensive glossy print stock (for its circulars) to a less costly matte finish paper. Full-color and upscale logo art were left intact. Prange Way also reduced its ad pages from eight to four, adding fold-out coupon strips without reducing the number of ads it ran.

A number of merchandising changes were also implemented to help Prange Way achieve a new "value image," with many of the moves a direct reflection of Jelin's Hills years.

A new program of comparative pricing of private labels and name brands has been particularly successful in household chemicals, according to the president. Also, a new, more informational signing program was rolled out, emphasizing price and value.

Bargain tables, which were eliminated by Jelin's predecessors, were also brought back chainwide, to increase overall volume.

Jelin has also begun to build up soft line volume, which now accounts for about 43% of total sales. Children's wear, he said, will begin to play an important role in the chain's soft line strategy.

Discount Chains Capitalize on Boom in Juvenile Domestics Sales

(Continued from page 3)

ter. "For every two sets of sheets we will sell a pair of drapes." Sales of standard accessories "are not even close" to that ratio, said Coulter.

T.G. & Y., which gets 3% of its domestics sales from the juvenile category, gets everyday gross margins of 43% to 45% from sheets, comforters and drapes.

Discounters are also appealing to today's supermoms and dads with novelty items like bed tents and glow-in-the-dark bedding.

Also, for the first time many discounters are testing items aimed specifically at older children and preteens who have outgrown licenses, giving juvenile sections a broader-based appeal.

However, while patterns from Burlington—which originated this concept with its Garan line—and from other mills like Cannon and Bibb find their way into discount stores, some buyers are not sure whether a need for this type of assortment really exists. Some argue standard geometric and floral patterns already fill the bill.

Richway, beginning this fall, is devoting 8 ft. to 12 ft. in all its stores to juvenile domestics year-round, instead of just during the fourth quarter.

The section now holds sheets priced at $19.99 everyday and $14.99 on sale, and either matching comforters or bedspreads. Licenses include Wuzzles, She-Ra, Hugga Bunch, Voltron, Care Bears, and one nonlicensed pattern called "Whistle Stop." At this stage, though, the chain regards the category as an item business, and isn't carrying related accessories, said vp, dmm John VandenBerge.

Included in the section are licensed Hide-Out-Huts from Springs Performance, the first manufacturer of bed tents, for $25 to $29 on sale, and solid bed tents from McCarthy for $16.99 on sale.

The chain is also giving 4 ft. to two patterns from Burlington's licensed Garan line—"Hearts" for girls and "Scouts" for boys.

The entire category will be promoted every third week through December, said VandenBerge.

At Gold Circle, juvenile domestics has been given a 16.-ft. to 20-ft. run in all stores, with emphasis on coordinated looks. Licensed sheets are stocked on gondolas with hang bars underneath for bedspreads, comforters and accessories.

Sales of juvenile sheet sets, priced at $19.99, are up 48% over last year, Brown added. While juvenile sheets accounted for 8½% of total sheet sales at Gold Circle last year, they should capture about 10% of the chain's sheet business this year.

Like Richway, Gold Circle is carrying Spring Performance's licensed bed tents—for $36.99 every day and $29.99 on sale—and McCarthy's solids for $29.99 every day and $19.99-$24.99 on sale.

At least one major discounter, Wal-Mart, is switching its emphasis from the younger juvenile domestics to a heavier focus on its older children's market.

After testing two Garan patterns in 25 stores recently, the chain will put these into its regular program in 1986, said senior buyer Brent Barry. As a result, two of the four styles now in the 12-ft. sections—Care Bears, Cabbage Patch, Garfield and a nonlicensed style—will be cut out.

"We're in smaller towns, with a lot of middle-aged and older people," explained Berry. "We're not in the metro areas to which most of the younger couples seem to be moving."